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World Business Newspaper THURSDAY OCTOBER 12 1995 D8523A

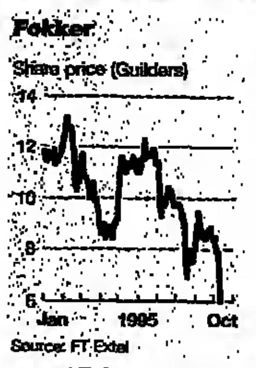
Juppé escapes legal charges over Paris apartment

French prime minister Alain Juppé escaped legal charges over his Paris apartment, but the city's prosecutor said he had broken a law on conflict of interest and ordered him to move out. The decision not to press charges spared Mr Juppé from having to resign as prime minister. The franc recovered some recent lost ground against the D-Mark on the news, closing at 3.487 against 3.506 a day earlier. **Page 14; Bonds, Page 24; Currencies, Page 25**

Suez, the troubled French financial and industrial holding group, unveiled limited details of its strategy as it announced unexpected losses of FFr4bn ($797m) for the first half of the year. Page 15

Serbs lose ground after ceasefire delay: Croatian and Bosnian government forces made use of an extra day of fighting to capture one more town from the Serbs, as the UN made a third attempt to secure a ceasefire agreement after two last-minute failures. Page 14; Sarajevo's darkest days recede, Page 3

Fokker shares tumble on cost cut fears: Shares in Fokker, the lossmaking Dutch regional aircraft maker, lost almost a fifth of their value on the back of market rumours about the company's financial position. The share price fell by Fl1.4 to Fl6 in Amsterdam, having earlier touched a low of Fl5, prompted by speculation that Fokker was seeking protection from its creditors. The rumours were later denied by a spokesman of Fokker, which is majority-owned by German industrial group Daimler-Benz. Page 15



Source: FT Extel

Global Aviation, a Swiss-owned charter operator, announced a "strategic alliance" with China Southern Airlines to provide a service for executive visitors to China and medical evacuees. Page 7

Chrysler, the smallest of the three big US carmakers, staged a partial recovery in the third quarter from its dismal trading performance in the first half of the year. After-tax profits for the third quarter fell to $354m on sales of $12bn, from $651m on sales of $11.7bn a year ago. Page 15

Apec fails to agree trade deal: Members of the Asia Pacific Economic Co-operation forum, representing half the world economy, failed to resolve a deadlock over plans to liberalise trade in goods and capital by early next century. Page 7

Israel frees 900 Palestinians: Israel said it bad released 900 Palestinian prisoners in the first step toward implementing the second stage of the Palestinian-Israeli peace agreement. Page 4

Brussels lifts cable restrictions: Cable television network operators will be able to compete with national telephone companies to offer teleshopping and home banking following a European Commission decision. Page 2

NEC, the Japanese computer and electronics maker, made a sharp upward revision of its projected personal computers sales this year because of buoyant demand at home and abroad. Page 20

UK banks merger welcomed: Shares in Lloyds Bank and TSB Group leapt after the UK banks' proposal for a £13.6bn ($21bn) merger received an enthusiastic reception in the City of London, and the possibility of another bank making a counterbid for TSB receded. Page 21; Lex, Page 14

Americans win Nobel physics prize: American scientists, Martin Perl and Frederick Reines, were awarded the 1995 Nobel prize for Physics for their discovery of sub-atomic particles which support the Big Bang theory of creation.

Third Paris airport plan: France has decided to build a third airport in the Paris region to spare further congestion at the capital's Roissy-Charles de Gaulle and Orly facilities.

Three tenors announce world tour: Luciano Pavarotti, Placido Domingo and Jose Carreras announced their first world tour with performances in Tokyo in June, London and New York in July, Munich in August and the Australian city of Melbourne in March 1997.

German MP wants Coke's recipe: A German Euro-MP demanded that Coca-Cola reveal its secret recipe, saying European governments should consider banning it because it violates a law giving inspectors the right to know the composition of food products sold in the EU.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,736.70	(+15.90)
NASDAQ Composite	986.81	(+13.34)
Europe and Far East		
CAC40	1,794.43	(+16.47)
DAX	2,145.30	(+6.53)
FT-SE 100	3,474.3	(+14.2)
Nikkei	17,819.19	(-285.08)

US LUNCHTIME RATES

Federal Funds	5¾%
3-mth Treas Bills: Yld	5.451%
Long Bond	105⅔
Yield	6.44%

OTHER RATES

UK: 3-mo Interbank	6⅝%	(6¾%)
UK: 10 yr Gilt	102⅝	(102⅜)
France: 10 yr OAT	101.36	(101.14)
Germany: 10 yr Bund	101.83	(101.98)
Japan: 10 yr JGB	113.053	(113.623)

NORTH SEA OIL (Argus)

Brent 15-day (Nov)	$16.07	(15.90)

GOLD

New York: Comex		
Dec	$387.4	(387.6)
London:		
close	$384.85	(385.2)

DOLLAR

New York: lunchtime		
£	1.573	
DM	1.42495	
FFr	4.96445	
SFr	1.1545	
Y	100.865	
London:		
£	1.5731	(1.5776)
DM	1.4249	(1.4176)
FFr	4.9695	(4.9695)
SFr	1.1553	(1.1471)
Y	100.855	(100.55)

STERLING

DM	2.2415	(2.2364)
Tokyo $ close:	Y 100.75	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$20	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft215	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw110.00	Iceland	IKr220	Nigeria	Naira80	Slovak Rp	Sk60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	Kc55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta250
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y300	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl4.20	Syria	S£50.00
Finland	FM15	Kuwait	Fils.625	Portugal (m'land)	Es230	Tunisia	Din1.500
France	FFr11.00	Lebanon	US$1.50			Turkey	L60,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

Brussels set to allow telecoms 'supercarrier'

Approval in principle likely for controversial Atlas project

By Emma Tucker in Strasbourg, Michael Lindemann in Bonn and Alan Cane in London

Atlas, the controversial alliance between Deutsche Telekom and France Télécom designed to create a European "supercarrier", now looks set to get the green light from Brussels.

Mr Karel Van Miert, the EU competition commissioner, indicated yesterday in Strasbourg that he was ready to give agreement in principle to the venture following specific commitments from the companies and their governments.

"It does look as if Atlas is going in the right direction," he said. "It looks like we are going to get an agreement and I think it is a good one."

The conditions are expected to be initialled at a meeting on Monday between Mr Van Miert, Mr Ron Sommer, chief executive of Deutsche Telekom and Mr Michel Bon, chief executive of France Télécom.

They include:

- A pledge to open "alternative" telecoms networks in France and Germany soch as tbose constructed by the electricity and water utilities, to Dentsche Telekom and France Télécom's competitors by July 1, 1996.

This represents a compromise on both sides. Mr Van Miert had wanted the networks opened by January 1; the Germans had said it was not possible before October or later.

- Transpac and Datex–P, the data transmission subsidiaries of the two companies, will remain independent until January 1, 1998.
- Info–AG, a German-based data transmission company in which France Télécom has a stake, will remain outside the Atlas agreement.

Deutsche Telekom officials said yesterday that the three conditions set by Mr Van Miert were in line with those discussed in recent weeks and "made sense".

"We have no problems with the idea of liberalising alternative infrastructure prematurely as long as this is linked to prompt approval for Atlas," one said.

France Télécom said it believed sound progress had been made over the past two weeks and was optimistic about the outcome of Monday's meeting.

Atlas is one of three international alliances created to compete for the international business of large, multinational companies.

Concert, an alliance between British Telecommunications and MCI of the US, already has full regulatory approval on both sides of the Atlantic. WorldPartners, an alliance led by AT&T, the largest US carrier, has yet to get the go-ahead either in Europe or the US.

Mr Van Miert has held back approval for Atlas because of fears that an alliance of Europe's two largest operators could destroy potential competition.

Although the two companies will be able to move ahead with detailed planning, it is unlikely the approvals timetable will allow final agreement before spring next year.

Mr Van Miert said: "Even if we reach a potential agreement, it has to be put to the other competitors as well."

It was up to the companies themselves to decide whether to take the risk of going ahead before then, based on a political agreement, he said.

Deutsche Telekom and France Télécom are waiting on approval for Atlas before they can move ahead with Pboenix, a three-way alliance with Sprint of the US for which US approval is still required.

Sign of the times: a boy plays the accordion for money in central St Petersburg. More and more children are resorting to begging because of growing poverty among the Russian middle class. Picture: Reuters

Lotus head resigns following takeover by IBM

By Louise Kehoe in San Francisco

Mr Jim Manzi, chief executive of Lotus Development, the software company acquired by International Business Machines in July, announced yesterday that he was resigning.

He is leaving Lotus and his position as a newly appointed senior vice-president of IBM.

Mr Manzi's departure had been widely expected in the wake of the IBM $3.5bn acquisition of Lotus. He is, bowever, leaving sooner than most industry observers had expected, just four months after the acquisition, raising questions about a possible clash with IBM management.

Mr Manzi said he had held "open and frank discussions" with IBM managers and there had been both agreement and disagreement about the future of Lotus. "There was on proximate cause for my resignation," he said.

In a memo to Lotus employees Mr Manzi said: "I have concluded over the past couple of weeks that I'm not the right person to be leading Lotus at this juncture in its history. The attributes that I believe made me an effective chief executive of a nearly billion-dollar independent company, aren't necessarily the attributes required of an executive leading a division within a much larger organisation. The challenges that excited me previously aren't necessarily the same challenges we face today."

Mr Manzi said he had informed Mr Lou Gerstner, IBM chairman and chief exectitive, of his decision on Tuesday. He declined to comment on Mr Gerstner's reaction.

In an internal memo, Mr Gerstner told IBM employees: "I understand and respect Jim's decision. Jim has made many important contributions to Lotus and we all wish him well."

Mr Manzi , 43, noted that it was almost 13 years since he joined Lotus when the company was about to launch its first product, the Lotus 1-2-3 spreadsheet. "Many people believe that we defined the personal computer

Continued on Page 14

RPR wins $2.9bn bid battle for Fisons

Jobs losses probable in drugs sales forces in US

By Daniel Green and Motoko Rich in London

Fisons, the UK's fourth biggest drugs company, yesterday conceded defeat in a $2.9bn bid battle with US rival Rhône-Poulenc Rorer.

The two companies are to start talks immediately on how Fisons will be absorbed.

Mr Robert Cawthorn, RPR chairman, said that job losses were likely, mostly in the US where both companies have large sales forces for their asthma and allergy products.

Fisons said its decision to recommend the 265p a share offer, which it rejected as inadequate last week, was due to thedecision at the weekend by an undisclosed "third party" to pull out of rescue talks.

Mr Stuart Wallis, chief executive, said he had had talks with "everybody in the business" and did not think that RPR's offer would be beaten by anyone else before the bid's final closing date, October 20.

To declare the bid unconditional, RPR has until that date to accumulate 50 per cent of Fisons through share purchases and offer acceptances from Fisons shareholders.

The acquisition will make RPR one of the world's biggest companies in asthma and allergy products, which is one of the fastest growing areas of drug sales.

The Fisons deal is the company's first in the UK since the 1927 takeover of May and Baker.

More recently, the company has engineered a series of deals to take it to 14th position by sales among the world's top drug makers.

They included the 1985 takeover of the drugs arm of Revlon, the US cosmetics company, and this year's takeover of Cooper, the French pharmaceuticals distributor.

Fisons, which can trace its origins back more than 200 years, is about 60th in the world rankings.

Although a defeat for Mr Wallis, the acceptance of the RPR bid marks the end of a spectacular corporate turnround.

Mr Wallis took on the job from outside the drugs industry in September 1994 after a turbulent period of three years during which Fisons had seen three profit warnings, three chief executives and an 80 per cent fall in its share price.

Since then, he has sold or agreed the sale of the company's research operations, its laboratory equipment side and most of its distribution for more than £600m.

The share price had doubled by the time RPR made its hostile bid on August 18.

The rapid conclusion of the bid appears unlikely to boost other bealthcare stocks in the UK as did the £9.1bn takeover in March of Wellcome by the rival UK company, Glaxo.

"I plan to reinvest the money in cheap stocks," said one investment manager.

"I would not say that the pharmaceutical stocks are that cheap right now."

RPR has been advised in the bid by Lehman Brothers and J.O. Hambro Magan, while Fisons has been advised by SBC Warburg.

Lex, Page 14
Fisons' 50-day resistance, Page 22

South Korean groups hit by foreign investment curbs

By John Burton in Seoul

Samsung and Hyundai were yesterday scrambling to save their proposed US semiconductor plants after the South Korean government imposed new curbs on foreign investments.

A requirement that Korean companies must finance at least 20 per cent of foreign investments with domestic funds has temporarily sidetracked the US semicondnctor plants, the biggest Korean overseas projects yet announced.

The measures are intended to rednce borrowing abroad by South Korean subsidiaries, which officials claim is contributing to a sharp rise in the country's foreign debt.

Both Samsung and Hyundai had planned to finance the plants, costing $1.3bn each, through bank loans raised by their US subsidiaries.

The new financial requirements have forced Samsung Electronics to postpone the formal announcement of a plan to build its first US semiconductor plant at Austin, Texas. The new rules are not expected to affect previons investments already approved by the Korean government, sucb as Samsung's £450m ($697m) consumer electronics plant in the UK.

The company's initial arrangements for financing the Texas facility included $400m raised by its subsidiary, Samsung Semiconductor of Santa Clara, California, and another $900m througb a newly established unit, possibly in Austin.

Analysts said Samsung was expected to be able to meet the the new requirement for $260m from domestic sources. Samsung, expected to report net earnings of at least $2bn this year, will soon submit for approval a new financing plan to South Korea's central bank.

Hyundai Electronics will find it more difficult to meet the new requirements. With an expected profit of $1.5bn on a turnover of $5bn, Hyundai will easily be able to transfer the stipulated 20 per cent of domestic funds to build its semicondnctor unit in Eugene, Oregon.

But the new rules limit payment guarantees for overseas subsidiaries to the parent company's total net worth. This causes problems for Hyundai, since its net worth is only $560m, which would prevent it guaranteeing all the planned loans that would be raised by Hyundai Electronics America.

Under the new rules, unlisted Hyundai would have to increase its capital or provide more funds to its US subsidiary.

The new regulations come at an awkward time for Hyundai Electronics, which this week nnveiled an ambitions programme to invest more than $25bn in an expansion of corporate activities over the next five years.

Hyundai Motors, Sontb Korea's largest carmaker, has also seen its overseas borrowing activity curbed by the government. In a rare intervention, the ministry of finance and economy last week ordered Hyundai to cancel a planned $150m floating-rate note issue in Hong Kong.

Chaebol reassess foreign plans, Page 6

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Crédit Lyonnais blamed for its troubles

The French public sector watchdog says the state bank's former managers were responsible for its FFr21bn losses, writes Andrew Jack in Paris

France's public sector watchdog yesterday blamed the former management of Crédit Lyonnais, the state-owned bank, for the huge losses the bank ran up as a result of its lending strategy between 1987 and 1993.

In a report on how the bank managed to lose more than FFr21bn (£2.65bn), the Cour des Comptes also hinted at the need for reform of the banking regulation system. It said that, during the period, Crédit Lyonnais had followed a strategy of high risk expansion, with inadequate resources and poor internal controls.

Responsibility for the losses, which resulted in two state-brokered rescue packages, should be primarily placed on Crédit Lyonnais' management, it said. Bot the bank's experience had shown "the need for an evaluation of the efficiency of the surveillance methods used for banks".

Mr Jacques Bonnet, president of the chamber of the Cour des Comptes which handles financial matters, said yesterday: "A company choosing a risky policy of expansion needs ... money, competence and a system of surveillance. The moral is that these three things were missing, wholly or partly."

While refusing to make any immediate recommendations for changing the regulation system, Mr Bonnet said the Cour des Comptes planned to start examining the systems of control and surveillance used to assess all France's state-owned banks.

One aim would be to see whether there was a case for changing the way in which the banks were regulated, he said, while stressing that the Cour des Comptes had no power to force recommendations on the Banking Commission.

The Cour's report is as significant for what it conceals as for what it reveals.

After 70 pages of relatively hard-hitting analysis of what went wrong it proffers barely a page of conclusions.

Carefully excised are the names of most of the principal protagonists. So the report refers, for example, to "two Italian financiers" – clearly Mr Giancarlo Parretti and Mr Florio Fiorini, who bought the MGM film studios with loans totalling more than $1bn from the bank's CLBN Dutch subsidiary in 1990.

Despite strong implicit attacks on those involved, including the Banking Commission, in the body of the report, there are few comments on the subject in the conclusions.

Yet even the relatively mild language used has been enough to enrage several of those mentioned, among them the Banking Commission, the economics ministry, and Mr Jean-Yves Haberer, the former chairman of Crédit Lyonnais. Their responses are almost as long as the report.

Mr Bonnet denied yesterday that there had been any political pressure to dilnte the report. But the information made public yesterday bore little resemblance to the harder-hitting dossiers on individual frauds and cases of mismanagement at the bank prepared by the Cour and systematically leaked to the press over the past few months.

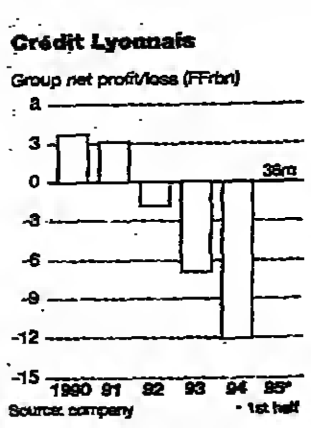
At the heart of the report is the suggestion that Crédit Lyonnais implemented a strategy of accelerated growth beyond its means, which differed from that of its competitors and brought with it especially high risks of losses.

It says the bank's provisions against loans that might default were below those of its leading private sector rivals – Société Générale and Banque Nationale de Paris – and were introduced only at the last possible moment. It says the bank relied on a series of exceptional activities to maintain its levels of reported profits.

While it concedes that there was an economic recession ootside the bank's control, the Cour des Comptes argues that Crédit Lyonnais pursned growth in spite of advice to the contrary from regulators and normal prudential practice.

For example, it says the Dutch banking regulators repeatedly warned the Banking Commission verbally during 1989 and in writing in April 1990 against the loan made by CLBN for the MGM deal. The following month, the head of the Treasury expressed opposition to the bank, but his advice was ignored.

There is clearly an element of face-saving by the Cour. As the body responsible for overseeing the public sector, including state-owned enterprises, it had at least some duty to supervise the bank.



So, in the report, it portrays its own role very clearly as among the earliest and toughest interveners calling for change in the bank's management. It highlights the fect that it raised questions as early as February 1988 after studying the accounts for the periods 1983-86.

Yet there are no details in the report of any discussions between management, state-shareholder and bank, and there is no explanation why, if the signs of trouble were so obvious, no action was taken.

That is a criticism picked up by the economics ministry in its response. It argues that the first meaningful signs of tronble did not emerge until 1991, and that the bank's development until that time has to be seen in the context of the very different, fast-growing economy of the late 1980s.

The Banking Commission questions both the legal right and the technical ability of the Cour des Comptes to assess its role. The commission also says it is not responsible for approving the decisions taken by a bank's directors.

Mr Haberer, who was replaced as chairman by the government in late 1993, argues that his role was made ambiguous by the changing attitude of the French state as the bank's shareholder. He questions mnch of the Cour's analysis, and stresses that many of the decisions which led to losses were implemented before his arrival.

One senior French executive with close knowledge of the case called the Cour staff who prepared the report "good novel-writers". He qnestioned both the accuracy of their findings and above all their understanding of business.

It remains unclear what new lessons are to be gained from the report. Crédit Lyonnais's senior management was replaced almost two years ago, the rescue plan and a number of restructuring measures to tighten controls are now in place, and a far more detailed and outspoken analysis of the bank's problems produced by parliament appeared more than a year ago.

In the end, the report says as much abont the delicate sensitivities between some of the leading French state institutions as about the problems and lessons of Crédit Lyonnais.

From Crédit to debit

- February 1988. First Cour des Comptes report highlighting Crédit Lyonnais's insufficient profitability and under-capitalisation
- September 1988. Jean-Yves Haberer replaces Jean-Maxime Lévêque as chairman of the bank
- November 1991. Cour des Comptes imposes controls on the bank; Banking Commission does the same on a number of its subsidiaries
- October 1992. Treasury and Banking Commission impose procedures to supervise handling of large risks undertaken by the bank
- March 1993. Bank announces losses of FFr1.9bn for 1992 – at the time the worst in more than 20 years, but they will rise to more than FFr21bn by the end of 1994
- November 1993. Jean Peyrelevade appointed abruptly by the government as chairman of the bank in place of Haberer
- July 1994. National Assembly inquiry into the bank publishes highly critical report attacking the bank's management, the passivity of the state as shareholder and the slow response of regulators to its crisis
- March 1995. French government unveils rescue package totalling more than FFr135bn, to be approved with minor modifications by the European Commission in July and by the National Assembly in October
- September 1995. Bank announces first profits for more than three years of FFr36m for the first six months of the year, after special payments to the state

Brussels delays decision on French N-tests

By Caroline Southey in Brussels and Emma Tucker in Strasbourg

The European Commission yesterday deferred for more than a week a decision about whether France has breached treaty obligations by pressing ahead with nuclear tests in the South Pacific. Instead, it is sending a letter to France requesting further information on the tests, asking it to "react as soon as possible".

The Commission also agreed it would meet on October 23 to consider the French reaction and to assess data on the tests. It will then decide whether France is in breach of the European Atomic Energy Community Treaty (Euratom) treaty.

If Brussels decides the tests are "particularly dangerous" it could rule that France should have sought its approval before proceeding with them.

France believes that the Commission has no rights under the treaty to stop the tests, and that it has provided with all the necessary information. It has pressed Mrs Ritt Bjerregaard, the anvironment commissioner, to give a detailed list of questions to which it will provide the answers.

Mr Jacques Santer, the Commission president, told the European parliament yesterday, that "we are carrying ont our duties seriously but it takes time". The Commission had not so far found evidence that the many nuclear tests carried out to date had caused damage. "Environmental policy may have changed bnt the nature of the risk has not," he said.

Ms Pauline Green, leader of the parliament's Socialist bloc, warned that the Commission's credibility was "on the line".

The Brussels decision fell short of a request by Mrs Bjerregaard that a warning letter be sent to France for not providing sufficient information and breaching the Eurotom treaty.

"The Commission decided its case was not solid enough to press ahead with such a hostile act against France," an EU official said.

He said the case was "extremely sensitive" and complicated by the fact that the terms of the Euratom treaty had never been tested before.

Mrs Bjerregaard has accused France of failing to hand over vital information on the radioactivity levels and the geological damage at test sites in the South Pacific. Commission experts visiting the area also claimed they were barred from visiting some installations.

France has countered that it has given the Commission all the necessary access on Mururoa but that it has a legal right to two months' notice for visits to the Fangataufa atoll in French Polynesia. Mrs Corinne Lepage, the French environment minister, last week invited Mrs Bjerregaard to visit Fangataufa.

A majority of commissioners balked at Mrs Bjerregaard's request for a warning letter which would have opened the way for infringement proceedings against France. This involves the Commission sending a warning letter, followed by a "statement of objection" and, last, a hearing before the European Court of Justice.

Some EU officials have argued that a wider group of experts should be asked to analyse the data brought back by EU experts.

Peter Norman on one of the Federal Republic's growth industries

Evasion taxes Germany's leaky system

It is a world away from Monaco and the restrained princely delights of Liechtenstein, but Germany has its own tax haven in a tiny hamlet in the lee of a dyke in the windswept northern state of Schleswig Holstein.

Much to the chagrin of the federal court of auditors, which this week highlighted the case, the enterprising citizens of Norderfriedrichskoog have found a 300-year-old loophole in local property laws to exempt their community from levying capital-related taxes. As a result, the local farm houses have sprouted nameplates and letterboxes as corporations have registered their headquarters there.

The auditors' annoyance was directed less at Norderfriedrichskoog's 50 or so inhabitants as at the finance ministries in Bonn and Kiel which have failed to plug the loophole.

For Norderfriedrichskoog is symptomatic of how the German authorities appear to be losing their grip on the tax system. This is increasingly criticised as hopelessly complex and therefore liable to avoidance or evasion by the rich and the clever. Taxes are becoming a political issue as the wage-earning majority of the population, whose income tax is dedncted at source, complains ever more loudly that they are not only high but unfair.

Several hundred kilometres south of Norderfriedrichskoog is Mannheim, where a drama is unfolding which throws the question of equity into even sharper relief. The father of the tennis star Steffi Graf has been held on remand in jail there since the beginning of August pending investigations into suspected tax evasion. Ms Graf herself was questioned by the public prosecutor for eight hours last week.

Yesterday, the finance ministry of the state of Baden-Württemberg said it had asked the Bonn finance ministry to lift tax secrecy rules in connection with her case so that it could answer questions from MPs in the state parliament. This followed Ms Graf's refusal to agree to such a step.

Taxing times for Steffi Graf who is under investigation

Press reports, none of which can be confirmed because of Germany's tax secrecy rules, have suggested that the Grafs have paid only about DM10m in tax on income estimated at DM177.4m ($120m) since 1983.

Although Steffi Graf is still a popular figure, the average voter is left wondering why he or she loses a good half of income in tax and social levies each month. in particular, how can Ms Graf apparently escape the rigours of a sharply progressive income tax regime that imposes a 53 per cent top tax rate on a single person's taxable income from DM120,000 a year and then adds a "solidarity surcharge" of 7.5 per cent to pay for the development of eastern Germany?

Irrespective of whether the Grafs are guilty or innocent, their case has prompted concern that tax evasion is one of Germany's few fast growing businesses.

Mr Erhard Geyer, the head of the German tax inspectors' association, said in an interview yesterday that "hundreds of billions of D-Marks" in taxes were lost to the state each year through criminal activities and the black economy, which he estimated at 12 per cent of gross domestic product. However, the number of tax inspectors had been cut in the past five years while the number of taxpayers, corporate and individual, had increased to 20m from 14.1m, he complained.

Another aspect thrown up by the Graf and Norderfriedrichskoog cases is the sheer complexity of tax law and the government's difficulties in making changes. Last month, parliament approved a series of income tax changes from January 1996. Among them, said the Bonn finance ministry, were six "effective and pragmatic steps towards simplifying taxes". Shortly afterwards, the FT office in Bonn was sent a copy of the new guidelines for deducting taxes from wages: they amounted to 285 pages.

Mr Theo Waigel, the finance minister, wants to simplify and cut taxes. He is conscious that rates over 50 per cent are unpopular and stifle enterprise. His first priority is to reduce business taxes, starting with abolition of the local trading capital tax, the levy which companies in Norderfriedrichskoog avoid and which has to be paid irrespective of whether a company is in profit or not.

However, his task is anything but easy. The revennes from the trading capital tax accrue to municipalities so that its removal will entail negotiations with their representatives at a national level. Abolition of the tax will also have to be squared with the opposition parties.

With tax changes at the mercy of political horse trading, it is no surprise that legislation is complex and confusing. However, even Germans were taken aback recently when their president, Mr Roman Herzog, told a television interviewer that he would only be able to fill in his tax declaration "with difficulty". Mr Herzog is not only a former president of the constitutional court but a tax expert to boot.

Brussels lifts bar on cable companies

By Emma Tucker in Strasbourg

Operators of the European Union's rapidly expanding cable television network will soon be allowed to compete directly with national telephone companies to offer new multimedia services such as teleshopping and home banking.

Legislation adopted by the European Commission yesterday will force member states to lift restrictions on cable operators that bar them from offering the new services. Brussels hopes the move will lead to a sharp rednction in prices charged to consumers and businesses for renting a line, roughly 10 times higher than in the US.

However, governments will still be allowed to block cable companies from offering basic voice telephone services, an area that does not have to be opened up to competition until January 1998.

"Obviously we would welcome a move by governments to allow voice telephony, but we cannot tell them what to do," said Mr Karel Van Miert, the competition commissioner, yesterday. "But governments would be well advised to do so."

The Commission, under special powers provided by the Maastricht treaty, is able to force liberalisation in certain sectors without a vote from member states. The legislation adopted under these powers yesterday includes special provisions for countries where the telecoms operator owns cable TV companies, as is the case with Deutsche Telekom, which owns 90 per cent of Germany's cable network.

In such cases the operators will have to separate their accounts, which can then be clearly policed as a safeguard against cross-subsidy from one operation to the other. In 1998, the Commission will assess whether this separation is all that is needed to prevent anti-competitive practices.

The legislation does not address the concerns of telecoms companies which feel that, with restrictions lifted on cable operators, they should be allowed to enter the television market.

The European Parliament had asked Mr Van Miert to extend the scope of the legislation to allow cable television services to be offered by telecoms companies. However, he said yesterday that many governments had reservations.

"Do not forget that most telecoms companies are still monopolies," said Mr Van Miert. "Some people think 1998 is too early to allow them into the entertainment field."

Nonetheless, he said the Commission intended to look closely at the matter, which is complicated by the fact that in some EU countries, cable networks are much more extensive than in others and could soon represent substantial competition to telecoms operators, albeit not for voice telephone services.

The German government said yesterday that local authorities would have to make their utility infrastructures available free of charge to all operators in the liberalised telecom market after 1998, writes Michael Lindemann in Bonn. A legal report had confirmed this view, it said, as it released a revised draft law yesterday.

Mr Wolfgang Bötsch, the post and telecommunications minister, also said that the draft law spelled out that the interconnection charges which Deutsche Telekom and other network owners would impose on other operators could not be set in a way which reduced competition.

In the latest draft special regulations will be imposed not just on companies with a market share of more than 25 per cent but also those with a "dominant position" in the market.

The proposed legislation would be presented to the cabinet by December 6 at the latest, Mr Bötsch said. It must then be approved by both houses of parliament, a process which could drag on until next July because of objections from the opposition Social Democratic party and local authorities.

EUROPEAN NEWS DIGEST

Greek PM and critics clash

The Greek prime minister, Mr Andreas Papandreou, yesterday walked out of a stormy session of the governing central committee of his Panhellenic Socialist Movement (Pasok).

The meeting, called to elect a new 18-member executive board, erupted in angry exchanges after Mr Papandreou, 76, said he did not intend to retire. He denounced party rebels who called for a change of leadership for "trying to destroy Pasok".

Pasok appeared to be on the brink of splitting when a prominent member of the populist faction, the former finance finance minister, Mr Dimitris Tsovolas, announced his resignation from the party.

However, after four hours of angry debate, the central committee elected Mr Costas Skandalidis, the candidate put forward by Mr Papandreou, as secretary general of Pasok, indicating that the prime minister has not yet lost control of his party. *Kerin Hope, Athens*

Greek shipyard workers fighting riot police near the *Merchant Marine Ministry* in the port of Piraeus yesterday in a protest against job losses. The government is presently involved in a controversy with the European Commission over the future of the troubled Hellenic Shipyards

Chechens suspend peace talks

Peace talks in the Chechen republic were thrown into jeopardy yesterday when Chechen separatists said they would boycott talks with Russia until international observers and UN peacekeeping troops were sent to their region.

"The participation of the Chechen side in talks is suspended until the arrival of international observers and security forces of the United Nations to guarantee observation of international norms," Mr Dzhokhar Dudayev, leader of the Chechen separatist forces, said in a statement released yesterday. Chechen officials said their demand was provoked by repeated Russian violations of a ceasefire, which came into effect in June, and a fragile agreement, signed on July 30.

The Chechen withdrawal from the talks is the latest in a series of events which have suggested that the peace process in Chechnya could soon crumble.

The accord, under which Russian forces agreed to partially withdraw in exchange for the disarmament of Chechen fighters, has made little real headway and on Monday the Kremlin officially suspended its compliance with the deal. *Chrystia Freeland, Moscow*

Site sought for new Paris airport

The French government announced yesterday that it would look for a site for a third airport in the Paris region, and that it would limit the extension and night-use of Charles de Gaulle airport, at Roissy north of Paris.

The government plan is to add two relatively short (2.7km) runways to Roissy to take landings only, and to ban from next March night flights by noisier aircraft. Its aim is to defuse local opposition to an earlier plan to construct a single longer (3.6km) strip on which aircraft could take off as well as land.

But while in favour of a third airport, local protest groups complained of the government's failure to halt all new construction and night-flights at Roissy. Charles de Gaulle-Roissy, the main international airport, and Orly, the suburban Paris airport which chiefly handles domestic traffic, are, respectively, Europe's third and fourth busiest airports, behind London-Heathrow and Frankfurt. *David Buchan, Paris*

Scharping appoints party boss

Mr Rudolf Scharping, the embattled leader of Germany's opposition Social Democrats (SPD), yesterday nominated Mr Franz Muntefering to the vacant post of SPD general secretary.

The appointment of the 55-year-old minister for labour and social affairs from the state of North Rhine Westphalia to the post vacated two weeks ago by Mr Gunter Verheugen was given a broad welcome in the party.

Mr Gerhard Schröder, prime minister of Lower Saxony and one of Mr Scharping's rivals in the leadership, said it was "a good solution".

The appointment has to be confirmed by the party congress in Mannheim in November. Mr Muntefering's main job will be to prepare the party for the 1998 general election. He is an old Bonn hand, having served as a member of the Bundestag for 18 years. *Peter Norman, Bonn*

Brussels backs Irish Steel plan

The European Commission last night approved the Irish government's aid package for the state-owned Irish Steel, which is to be sold to Ispat International, a privately owned steel company controlled by the Indian Mittal family.

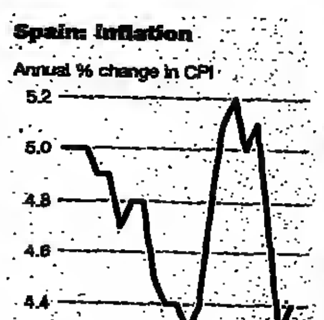
The rescua plan, announced last month, involves an indirect subsidy of I£27m. However, the package still has to win approval from the council of EU industry ministers which meets on November 6.

The plan includes the write-off by the Irish government of I£17m of debt, and the injection of I£10m of working capital. Ispat would be required to retain the 331 jobs for five years, and make capital investment of I£30m over the period.

British Steel said when the deal was announced that it may lodge a formal complaint with the Commission over what it saw as unequal treatment. *John Murray Brown, Dublin*

ECONOMIC WATCH

Spain's inflation at 4.4%



Spanish inflation moved up slightly in September to a year-on-year rate of 4.4 per cent after falling to 4.3 per cent the previous month, according to the National Statistics Institute. Accumulated inflation in the first nine months has already reached the government's initial target of 3.5 per cent for the whole year. However, the monthly increase of 0.4 per cent in the consumer price index, compared with 0.3 per cent in August, was in line with financial market expectations. The Finance Ministry said the trend still pointed to a rate of less than 4 per cent in the early part of 1996. The acceleration in last month's inflation rate was foreshadowed in a recent report by the Bank of Spain, which warned of seasonal food price increases, aggravated by supply problems. The bank forecast that inflation would ease later on, but said it would be cautious about easing interest rates in view of possible wage pressures and uncertainty over budget plans for next year. *David White, Madrid*

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Estonia cabinet split by bugging scandal

By Chrystia Freeland in Moscow

An east European bugging scandal yeeterday brought down the coalition government of Estonia, the Baltic state generally seen as one of the most successful and westernised of the former Soviet republics.

Mr Tiit Vahi, the prime minister, tendered his resignation after asking his interior minister, Mr Edgar Savisaar, to leave the cabinet.

Police and government officials have accused Mr Savisaar of teping conversations between himself and other politicians, tocluding the prime minister.

The affair has caused e row lasting several weeks between the main ruling group, Mr Vahi's Coalitioo party, and its junior partner, the Centre party, of which Mr Sevisaar was leader before he resigned as party chief yesterday.

The scandal began when police seized tapes of conversations between Mr Savisaar and other leading politicians during a raid on a private security company whose owner had once been one of Mr Savisaar's close advisers.

Earlier this week, one of Mr Savisaar's senior aides admitted that sbe bad made the tapes, but claimed tbat her boss bad not known about them.

Earlier this week the Centre party turned down a demand by the prime minister that Mr Savisaar step down on his own initiative. On Tuesday night, Mr Lennart Meri, the president, sacked him at the request of the prime minister.

"People must be sure that nobody is tapping their phones," Mr Meri eaid. "Estonia must start behaving like a proper state."

The affair has deeper repercussions than in other parts of the former Soviet Union where phone-tapping is thought to remain widespread, because Estonia likes to see the Communist era as an aherration imposed by Moscow, and has made etrenuous efforts to expunge all traces of the Soviet era from its post-independence political culture.

Mr Vahi has resigned in order to expel the Centre party from the coalition. If his resignation is accepted by parliament, then the cabinet will be dissolved. The president will then select a new candidate to forge another coalition government out of Estonia's fractured 101-seat parliament.

Tbe president has two choices of prime minister. If neither of the president's nominees manages to form a new government, then parliament can nominate its own candidate. If all of these attempts fail to produce a new government, then fresh elections must be called just six months after the last polls.

Some observers said Mr Vahi himself might be asked to form a new coalition government, into which he would invite the centre-right Reform party to replace the Centre party.

The introduction of the Reform party into the coalition might nudge the government slightly to the right, but, even under Mr Vahi's now dissolved centrist cabinet, Estonia had continued to pursue one of the most radical – and successful – reform programmes implemented anywhere in the former Soviet Union.

Mr Savisaar, who was prime minister in Estonia's laet Soviet government, from 1990 to 1992, was e popular figure in this spring's election campaign. His Centre party won some 14 per cent of the votes on the strength of public dissatisfaction with the extreme economic reforms which followed independence.

Sarajevo's darkest days recede

Bosnian prime minister Haris Silajdzic appealing at the international book fair in Frankfurt yesterday for publishers to send books to Bosnia. "Our libraries have been decimated and devastated. We heve only 20 per cent of the books we had before the war. Bosnia is not only aboot wars and hlood, it is about culture and spirit," he said Reuter

By Harriet Martin in Sarajevo

Sarajevans are again getting used to stopping at traffic lights, eating hot food and watching television, since gas and electricity eupplies were restored to the city as a precondition for e ceasefire in Bosnia.

For the first time in five months, most people in the Bosnian capital have enough electricity to run e little more than a few light hulbs and a television, and those who have gas are at last able to cook.

Throughout the summer, few people had any means of cooking their humanitarian supplies of dried beans and macaroni.

By Tuesday, after the Serbs had duly allowed the repair of the electricity pylon cables they destroyed, the city was full of the sound of vacoum cleaners and wesbing machines. At the same time traditionel Bosnian tunes mingled with techno-music from long-neglected cassette players.

Mrs Raza Dizdarevic, 49, who before the war ran a hairdresser's shop, has just opened a butchery. "Throughout the war everyone lived off canned meat. We're hoping though that now people will be able to cook, they'll start buying fresh meat again," she said.

Throughout the war so far, Sarajevo has only received et best a tenth of the electricity it needs and so bouseholds are officially restricted to running just light bulbs and a television set. If they use more they face the prospect of being cut off.

Mrs Dizdarevic was well aware of this hut she couldn't wait to get back to her home to make the most of the electricity supply. "As soon as I get home I'm going to do everything: make coffee, use the washing macbine, cook and heat water for a bath. After that, they can cut me off, I won't care," she said.

> Thousands of people had dug up their streets and connected themselves to the gas mains

For poorer Sarajevans, the restoration of utilities means the fear of almost total destitution is relieved.

Sarajevo is now receiving about 20MW of electricity. Ooce the repair of the damaged cables is complete it should receive 40MW, hut that is only enough for basic domestic consumption.

People have tried to supplement the lack of electricity supplies io Sarajevo with gas. Before the war, only 15,000 households bad gas connections.

After three cold winters without a proper electricity supply and with soaring firewood prices, the number reacbed 70,000.

In desperation, thousands of people in Sarajevo dug up the road in front of their homes and connected themselves to the gas mains.

Mrs Vera Kotrosan, 62, like many people, tapped into her gas central heating pipes and, using some rubber tubing, put a pipe directly into ber wood stove for heating.

"The central heating wasn't working so it was the only way we conld get any heating at all," she said.

These dangerous illegal connections, comhined with the fact that the gas supply is irregular and the gas odourless, have claimed a number of lives through gas explosions.

Since May, when the gas was turned off, the streets have been dug up again and the rubber hosepipes and plastic tubing replaced with proper gas valves and piping.

Mrs Kotrosan said: "We are just so happy that the gas has come back on. We only hope it lasts this time. I just want to take a normal bath. I don't remember the last time I did that."

German banks to rescue builder in east

By Judy Dempsey in Berlin

A consortium of German banks, headed by Berliner Bank, has agreed to issue a DM100m ($68m) credit line to tha German subsidiary of Maculan, the Austrian construction company, in an attempt to fend off bankruptcy and save more than 5,400 jobs in eastern Germany, at least temporarily.

The move by the banks coincides with a record number of bankruptcies among construction companies in the eastern states as the strong growth in this sector begins to subside.

Construction growth in eastern Germany is expected to be 11 per cent this year compared with 22 per cent last year.

Berliner Bank, one of Maculan's German bankers, said the credit line would be extended until November, when it is expected that Roland Berger & Partner, the consultants, will have drawn up a restructuring package for Maculan, a family-owned business based in Vienna.

Maculan has long-term dehts of Sch1.9hn ($190m) and short-term debts of about the same amount.

A groop of Austrian banks last month extended new eecured credits totalling Sch700m to the company.

Maculan, which rushed into eastern Germany after reunification in 1990 and managed to win one of the contracts offered hy the German government to huild housing for Russian soldiers returning to the former Soviet Union from east Germany, yesterday admitted it expanded too fast in eastern Germany.

"We did not restructure the companies which we had bought from the Treuhand and we did not respond to the growing competition from non-German companies and their lower lahour coets," said Mr Thomas Winkler, investment relations manager for Maculan.

Its turnover in eastern Germany rose from Sch4bn in 1990 to Sch15bn last year.

The Association for the German Construction Industry yesterday said it expected insolvencies among east German construction companies to double this year, rising to 1,200 or 1,300.

"One of the reasons is overcapacity," said Mr Heiko Stiepelmann, spokesman for the association.

He added that the number of east German construction companies would have doubled to 15,000-16,000 over the past three years ago.

"The other reason is that productivity among east German businesses is still far below west German levels. These companies bave not coped with pressure on labour costs from foreign companies," be added.

The insolvencies are swelling unemployment in the sector. The total number of construction workers without jobs rose to 47,000 for the first nine months of this year, which is a 50 per cent increase on the same period a year ago.

Ukraine softens economic stance in new plan

By Matthew Kamineki in Kiev

Ukraine's government yesterday unveiled a long-awaited economic programme that attempted to make a compromise between market and command policies.

In introdncing the plan before parliament, Prime Minister Evhen Marchuk reiterated Ukraine's commitment to low inflation and a tight budget agreed with western donors. But the ex-KGB chief also gave short shrift to privatisation and spelled out a dominant role for the state in industry.

The mixed message contrasted with the clear commitment to radical reform shown by President Leonid Knchma, who launched the country's economic overhaul a year ago. The change suggests political pressure from Communists, the largest party in parliament, may have softened the government's approach.

Mr Marchuk faces conflicting political pressures to gain parliament's support, or face dissolution, and secure conditional IMF and World Bank assistance to bny energy before winter.

The chamber endorsed the plan last night but pro-reform MPs in the ensuing parliamentary debate criticised the lack of emphasis on privatisation, which has failed to take off after Mr Kuchma's initial push last year.

But Mr Marchuk said: "Privatisation cannot be an end in itself."

The litmus test for economic euccese, the prime minister said, would be growth in manufecturing. The plan calls for the state and private banks to jointly invest in strategic state-owned enterprises, such as technology, he said, adding higher import duties would provide protection for domestic industry. "By the end of next year, Ukraine will have a mixed economy," the prime minister said.

While the emphasis on manufacturing pleased Communist MPs and the industrial lobby, Mr Marchuk also promised to decrease the "paternalistic role of the state" and ensure fair competition by ending state subsidies and tax holidays.

Mr Marchuk also said that wages and pensions would rise bnt warned "we cannot live beyond our means". Budget expenditures were due to stay constant while greater emphasis would go to improve revenue collectioo. Ukraine would also speed the overhaul of the troubled energy sector by improving collection and exploiting Black Sea reserves to reduce dependence on Russian oil and gas.

Breaking previous promises to loosen monetary policy, Mr Marchuk said Ukraine would meet the 2 per cent monthly inflation target by year's end. If the government policies were implemented, he added, industrial and agricultural output would rise 1.6 per cent and 1.2 per cent respectively in 1995. GDP fell 12 per cent in the first balf of this year.

Ozone scientists win Nobel prize

By Clive Cookson, Science Editor

The Nobel chemistry prize has been awarded to three atmospheric scientists who first raised the alarm over the destruction of the protective ozone layer by man-made chemicals.

Two are American – Professors Mario Molina, born in Mexico and now working at the Massachusetts Institute of Technology, and Sherwood Rowland of tha University of California at Irvine – and one is Dutch, Prof Paul Crutzen of the Max Planck Institute for Chemistry in Mainz, Germany.

Much of the work that led to the prize was carried out during the 1970s. The three showed that man-made chemicals – particularly the chlorofluorocarbons (CFCs) then used in aerosols, refrigerants and insulating materials – were breaking down the molecules of ozone in the upper atmosphere that protect life on Earth from the sun's harmful ultraviolet radiation.

Their research led to some restrictions on CFCs before the British Antarctic Survey proved that there was an "ozone hole" over the South Pole in 1985. They provided the scientific foundation for the international Montreal Protocol phasing out CFCs, which was agreed in 1987.

"By explaining the chemical mechanisms that affect the thickness of the ozona layer, the three researchers have contributed to our salvation from a global environmental problem that could hava catastrophic consequences," said the Royal Swedish Academy of Sciences in its Nobel citation.

The physics prize went to two nuclear physicists from the US – Professors Martin Perl of Stanford University and Frederick Reines, from the University of California at Irvine – for discovering a pair of subatomic particles. The neutrino and tau particles are fundamental building blocks of matter and important ingredients in understanding the laws and forces of the universe.

Clinton in plea to preserve aid to poor

By Robert Chote, Economics Editor, in Washington

President Bill Clinton yesterday urged the Republican Congresa not to cut US support for the World Bank's concessionary loan facility for poor nations, arguing that it was an investment in the export market of tomorrow.

A joint conference committee of the Senate and House of Representatives is to meet soon to try to agree the latest US contribution to the International Development Association (IDA). The administration had hoped to contribute $1.38bn in the 1996 financial year but the Senate wants to pay only $775m and the House $575m. If the US cnts its payment, other countries can do so in proportion.

"It's simple. The IDA is essential," Mr Clinton told the World Bank annual meeting. He said contributing would be good for narrow US interests but that it was also the right thing to do for the world. "Resolving the funding for dealing with today'a despair will save the world and tbe United States a lot of money and perhapa even precious lives in the future.

"Many in the Congress have forgotten that the IDA recipients of yesterday – countries like Sonth Korea, Indonesia, Turkey, China, Chile – are today among America's most important trading partners. Those who are reminded of this perhaps will be tempted to change their position," he said.

"Restoring funding for IDA is one of our administration's top priorities because it is the right thing to do. Of course it serves our Interests, hnt it is also the right thing to do. And it is not necessary – not necessary – for the United States to walk away from its commitment to balance the national hudget. Don't let anybody tell you that It is."

The burden placed on World Bank aoft loans made through the IDA has increased as industrial countries have pared back their aid budgets. Official development aid to sub-Saharan Africa and South Asia was worth nearly 15 per cent less last year than at the beginning of tha decade, according to World Bank figures pnblished yesterday.

Official aid to sub-Saharan Africa totalled $15bn in 1994, equivalent to less than $29 a head. It has fallen hy 10 per cent since 1990, adjusted for changes in import prices and excluding aid in the form of technical assistance. Aid to Sonth Asia has meanwhile dropped hy nearly 25 per cent to $4bn, or $3 a head.

By 1994, about 40 per cent of official development aid to South Asia came in the form of IDA loans, compared with less than 30 per cent in 1990.

Mr James Wolfensohn, the new World Bank president, and heads of three development related non-governmental organisations (NGOs) pnt aside their traditional institutional hostility yesterday to make a joint plea for IDA.

Ms Julia Taft, president of the InterAction umbrella group for US NGOs, said Congress was considering cuts in country-to-country aid as well. "By the turn of the century, the flow of development assistance could be little more than a trickle," she warned.

President Clinton, who addressed the World Bank meeting yesterday: Contributing to the IDA the right thing to do

The NGOs welcomed the World Bank's efforts to keep IDA afloat and the organisation's greater willingness to discuss the social and distributional consequences of the macroeconomic policy it demands from countries to which it gives assistance. But some of the more radical NGOs are uneasy at this apparent rapprochement between the voluntary sector and the bank.

Mr Abdou El Mazide N'diaye, president of the forum of African voluntary development organisations, said lt was much easier to have a meaningful dialogue with the bank and its staff than it had been 10 years ago. Mr Wolfensohn conceded that "there will always be some people at the World Bank who don't like NGOs and never will and there will be some in the NGO community who will never like the bank." Bnt he said these were small groups.

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OVERSEAS DEVELOPMENT AID

	Sub-Saharan Africa ODA	(of which IDA)	South Asia ODA	(of which IDA)
1990	16.7bn	2bn	5.3bn	1.5bn
1993	16.2bn	2.2bn	4.1bn	1.2bn
1994	15bn	2.8bn	4bn	1.6bn

($ at 1994 prices, deflated by recipient countries' import prices) Source: World Bank

S Africa to resolve local election difficulty

By Roger Matthews in Johannesburg

The South African parliament met in emergency session yesterday to approve the final piece of legislation to permit local elections to be held as scheduled on November 1.

The local elections are the final stage in the three-tier system of democracy provided for in the interim constitution, and the new structures will form a vital element in delivering hasic services to many deprived areas.

The speciai parliamentary session had to be called after the Constitutional Court ruled last month that an amendment giving President Nelson Mandela the power to issue proclamations relating to the elections was lnvalid. The court gave parliament until October 24 to rectify the situation, or call off the elections.

With campaigning already well under way, the African National Congress used its majority in a parliamentary sub-committee to push through the necessary amendment, despite opposition from the National party, its partner in tha government of national unity. This should clear the way for parliamentary approval. At the same time, the ANC ahandoned another clause which could have provoked a fresh appeal to the Constitutional Court.

Mr FW de Klerk, the leader of the National party, while declaring that the government was functioning well, has challenged the ANC to pledge its total commitment to free market policies, and promise not to resurrect its former left-wing dogma if it ruled alone. He complained that the special inner cahinet committee, formed to seek new ways of accelerating economic growth, had not met for some time, and there was no indication that it would meet again.

The National party is also seeking to portray the ANC as soft on crime, an issue which may come to dominate the campaign. President Mandela has laid the hlame for worsening crime figures on the apartheid system and the National party, which he said devoted 80 per cent of police resources to white areas during the time it was in power.

The organisation of the election is likely to command almost as moch attention as the issues. Unlike the April 1994 general election, only those electors who have registered can vote, and they have to go to specified polling stations. The national average of those registered is about 70 per cent, and there are continuing attempts hy some ANC officials to get the lists reopened in order to prevent frustrated voters being turned away on polling day.

Voting in the troubled province of KwaZuln-Natal has been postponed until next year because of unresolved arguments over boundaries and the role of traditional leaders in the new democratic arrangements. Even without those unresolved issues, voting might have been put off due to the serious level of political murders and criminal violence.

INTERNATIONAL NEWS DIGEST

Israel frees 900 Palestinians

Israel evacuated military administration offices in three Palestinian villages yesterday and said it had released 900 Palestinian prisoners ln the first steps toward implementing the second stage of the Palestinian-Israeli peace agreement.

The three villages, and a fourth that was evacuated on Tuesday, are the first of 450 whose civil and police control will be handed over to the Palestinian Authority. Israel maintains the right to enter these villages throughout the interim stage. The September 28 accord, which widens Palestinian rule in the West Bank, calls for Israel to withdraw completely from six big towns and part of a seventh in coming months.

The prisoner release went ahead despite expectations that many would refuse to leave in protest at the continued incarceration of four women.

Israel did not release the women because it said they had Jewish "blood on their hands." Earlier ln the week 20 female prisoners had refused to leave prison to show solidarity with the four. The peace agreement calls for the release of all female prisoners.

More than 4,000 Palestinian prisoners remain ln Israeli jails. Last month's accord calls for them to be released before Palestinian elections and talks on a final status settlement, both scheduled for next spring. *Mark Dennis, Jerusalem*

Lebanese president to stay on

Lebanon's political leaders have agreed to extend pro-Syrian President Elias Hrawi'a six-year term which expires next month, Syrian President Hafez al-Assad has said. His comments, which angered exiled Christian Lebanese leaders, appeared to indicate that the thorny presidential issue had been resolved in favour of extending Mr Hrawi's term rather than holding an election next month.

Syria's 35,000 troops ln Lebanon make it the country's ultimate power broker and few political decisions are taken in Beirut before consulting with Damascus. "In general, everybody was with the extension. All three, the president, parliament speaker [Nabih Berri] and prime minister [Rafik al-Hariri]," Mr Assad said in newspaper lnterviews. Government officials in Beirut say Syria prefers to stick with Mr Hrawi as a known friend while it confronts serious regional problems and unfinished peace talks with Israel. Opponents, particularly in the Christian minority who resent Syrian influence in Lebanon, see the proposal as a threat to democracy. *Reuter, Beirut*

Iraq misled UN arms inspectors

The United Nations official in charge of scrapping Iraq's weapons of mass destruction said yesterday that Baghdad had misled his inspectors and had made more advances in all weapons areas than previously thought.

In a 38-page six-month report to the Security Council, however, Mr Rolf Ekeus, head of the UN Special Commission, gave no time frame for when his work would be completed. He said only that if "Iraq were genuinely to translate its statements into action, there would be a real hope for the completion of the task entrusted to the Special Commission within a reasonahle time-frame".

The tenor of his report, however, was negative and Mr Ekeus said the commission's preliminary analysis of new documents Iraq had revealed in August showed Baghdad had been concealing prohibited arms activities, causing the commission to revise many earlier assessments. He said Iraq had concealed a large biological weapons programme, its chemical missile warhead flight tests and work on developing a missile to deliver a nuclear bomb. *Reuter, New York*

Daiwa to be punished for losses cover-up

By Gerard Baker in Tokyo

Mr Masayoshi Takemura, the Japanese finance minister, said yesterday his government would take punitive action against Daiwa Bank over the cover-up of massive bond trading losses by a trader at its New York branch.

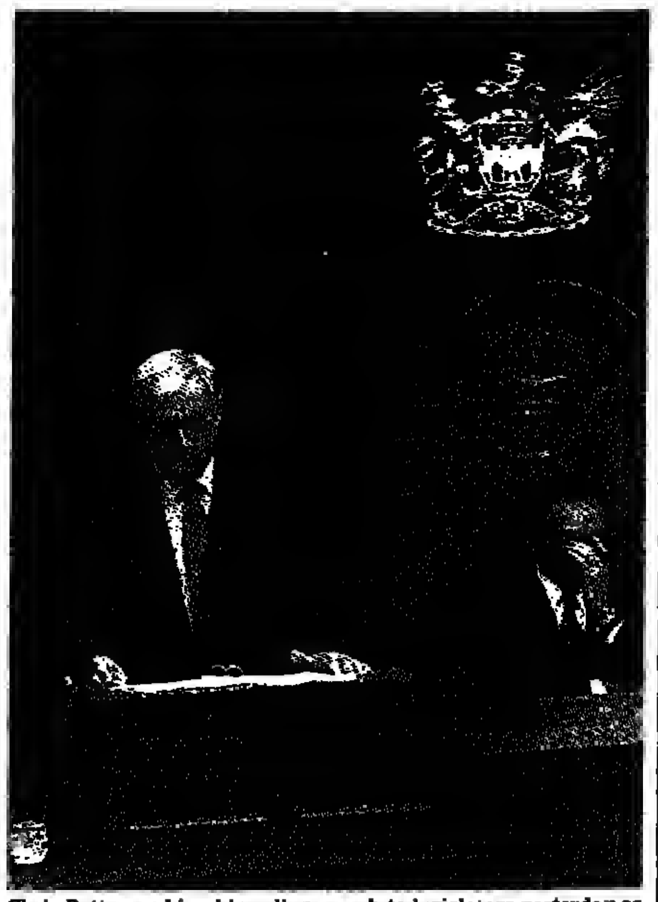
Mr Takemura refused to specify the measures planned, but it is thought the bank is likely to be the first Japanese city bank, or leading commercial bank, to receive a formal order to improve its operations. Snch an instruction, issued under the country's banking law, is a measure usually reserved for the most extreme cases of incompetence or corruption.

But the Finance Ministry refused to give further details of its own role in the failure to disclose full details of the losses. On Monday, officials acknowledged the ministry was told about the $1.1bn (£700m) loss at a meeting on August 8, nearly six weeks before US authorities were notified. One official yesterday defended the ministry's failure to tell the US Federal Reserve, saying, "It was Daiwa's responsibility to report the incident to the US regulators." He said the ministry had prior warning only of a vague outline of the losses. It was not given full details until after Daiwa had completed an internal investigation on September 12.

US officials are reported to be deeply unhappy with the ministry's actions. The August 8 meeting of Daiwa's president and the senior official in charge of banking supervision at the ministry took place at a sensitive time in relations between financial authorities in the US and Japan, when the two countries were said to be co-operating closely on international financial matters.

During the summer, US officials had repeatedly expressed concerns about the stability of the Japanese financial system. They were reassured both publicly and privately by their Japanese counterparts that the system's problems were manageable. But it now appears the Finance Ministry withheld information from the US anthorities that could have been regarded as central to US concerns.

Financial market observers in Tokyo yesterday felt the ministry's admission had created further problems for the heleagnered Japanese banks. "This is a question of trust," said Mr David Snoddy, analyst at Jardine Fleming. "It has deeply damaged the reputation of the ministry among international investors. That represents another blow to confidence in the system as a whole."



Chris Patten making his policy speech to legislators yesterday as Mr Andrew Wong, the LegCo president, listens *Reuter*

Patten warns LegCo he may veto new laws

By Simon Holberton in Hong Kong

Mr Chris Patten, Hong Kong's governor, yesterday warned the colony's newly elected Legislative Council be would veto any enacted legislation he thought was contrary to Hong Kong's best interests.

But he sought to strike a populist note in announcing termination of a controversial labour importation scheme and pledged more money for Hong Kong's disadvantaged.

Mr Patten's threat to use his reserve powers, given at the opening of a new LegCo session, was heavy with irony. He has just ended a two-year battle with China to broaden Hong Kong's democratic franchise.

It was a battle which resulted in Beijing's vowing to dissolve the assembly on resumption of sovereignty in mid-1997, but which may now mean his having to resort to quasi-dictatorial powers to keep Hong Kong's representatives in line.

His warning was directed at lawmakers in the pro-democracy camp who, after last month's elections, promised to amend past Sino-British agreements, especially the one relating to Hong Kong's legal system.

Mr Martin Lee, chairman of the Democratic party, vowed to use private members' bills to promote more welfare-oriented social policies.

During last month's LegCo elections, the government's labour importation scheme became the focus of public anger over rising unemployment. Over 100,000 are jobless in Hong Kong, 3.5 per cent of the workforce and the highest level for a decade.

Under the scheme, companies could import up to 25,000 foreign workers, although they had only availed themselves of 16,000. Mr Patten said the scheme would be allowed to run down and, from the beginning of next year, a much more restricted scheme permitting only 5,000 imported workers would be introduced. Mr Lee said be was "disappointed" with the governor's proposal and would seek abolition of the scheme.

Mr Patten said benefits for the elderly, single mothers and the unemployed would be raised, some by more than 50 per cent, from next April.

Mr Patten's address, designed to show he remained in control of events, included a long section seeking to show how he had fulfilled much of the social agenda he outlined three years ago.

His address yesterday was the last "policy" speech he would make to LegCo. This time next year would be an occasion to focus on "how we are handing over Hong Kong in good order, its stability intact and prosperity secure".

Britain and China had reached some important agreements affecting Hong Kong in London last week. He re-stated his willingness to work with China for a smooth transfer of sovereignty. At the start of next year, China will appoint a "preparatory committee" to oversee transfer of sovereignty and selection of Hong Kong's first "chief executive", as the governor will be known.

The government had proposed, and China accepted, setting up a liaison office to provide an efficient central point of contact with the preparatory committee, Mr Patten added.

Chaebol reassess foreign plans

South Korean curbs are forcing a readjustment, writes John Burton

The Seoul government's new restrictions on overseas corporate borrowing are forcing South Korean industrial groups to reassess their foreign investment plans.

Samsung and Hyundai, for example, were busy yesterday readjusting financing arrangements for their proposed semiconductor plants in the US, although both companies said the projects will proceed.

Korea's big conglomerates, the chaebol, have been relying beavily on banks and capital markets abroad to finance an ambitious agenda of foreign investments.

Worried about rising foreign debt, the Ministry of Finance and Economy this week announced that companies would have to raise 20 per cent of the funds in Korea for foreign investment projects above $100m.

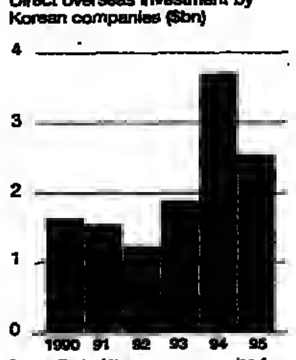
This will add to the expense of overseas investments since Korean interest rates are 5-6 per cent higher than abroad.

"There is no doubt about it that these measures will force companies to review and revise their foreign investment plans. We will be likely to see some projects dropped and others delayed," said a spokesman for the Federation of Korean industries (FKI), which represents the country's leading chaebol.

The new funding requirements "will make some foreign projects unprofitable because it will increase their financial costs. I expect investments projected to have a modest rate of return will be cancelled," said Mr Lee Hahn-koo, president of the Daewoo Economic Research Institute.

South Korea

Direct overseas investment by Korean companies ($bn)



Source: Bank of Korea

"This will particularly burt medium-sized Korean companies that want to expand abroad because they have a barder time raising capital in Korea than the chaebol," said Mr Jonathan Dutton, an analyst with S G Warburg Securities in Seoul.

Korean foreign investments have risen sharply since September 1992, when the government relaxed restrictions on overseas financing. Foreign subsidiaries of Korean chaebol were allowed to borrow from financial institutions abroad and use the money to establish manufacturing plants and acquire companies overseas.

"The easing of the restrictions was crucial to the overseas advancement of Korean industry because companies, which face a shortage of credit at home, were able to tap a larger source of cheaper funds abroad," said Mr Eugene Yun, chief economist at Schroders Securities in Seoul.

But government officials have expressed worries about the growing size of Korea's total foreign debt, which has climbed from $48.4bn in June 1994 to $70.2bn last June.

The imposition of limits on foreign borrowing is meant to prevent Korea's over-leveraged chaebol from increasing their debt burden. "The most benign interpretation of the government's action is that it wants to stop the chaebol from taking risky investments abroad," said Mr Lee.

The main chaebol are preparing to expand their overseas operations greatly over the next several years. Daewoo, for example, plans to spend 40 per cent of its total investment in foreign countries by 2000, up from the present 10 per cent.

But Daewoo's proposals to invest at least $1.6bn on car making facilities in eastern Europe have encountered domestic criticism. The pro-government Korea Herald said in an editorial supporting the measures that Daewoo's proposed $953m takeover of the Polish carmaker F S Obobowych "may be too much and too soon, in view of the modest level and wariness on the part of most Western countries investing" in Poland.

Officials worry that, if such investments fail, the government will eventually be responsible for bailing them out as in the 1980s, when Korean construction projects in the Middle East went sour.

Some analysts believe political factors also lie behind the new curbs. "This is a last attempt by the government to retain control over the chaebol," said Mr Yun.

The government traditionally used state-directed bank loans to keep a leash on the chaebol. Bnt the chaebol's growing dependence on foreign and domestic stock and bond markets for financing is weakening the government's ability to guide their future development.

"Foreign lending, in particular, poses a danger to state control over the chaebol because it is beyond the government's jurisdiction. By mandating domestic funding for foreign investments, the government still has a hook in the chaebol," Mr Yun explained.

In addition, the government has expressed concerns about an exodus of high-technology and strategic manufacturing abroad, which would undermine its policy of creating a strong domestic industrial base.

The cbaebol argue that industrial expansion overseas is necessary to improve Korea's economic competitiveness in foreign markets.

The foreign investment curbs raise new doubts abont Korea's commitment to financial liberalisation as it prepares to join the Organisation for Economic Co-operation and Development. Korea had promised to abolish most controls on overseas borrowing by 1999.

The FKI is hoping it may persnade the Ministry of Finance and Economy to modify the measures. FKI officials noted that the Ministry of Trade, Industry and Energy has expressed opposition to the foreign investment curbs as being harmful to Korean industry.

Wave of applications follows first stage of liberalisation

Thais rethink insurance permits

By Ted Bardacke in Bangkok

An unexpectedly large wave of applications for insurance licences in Thailand has forced the government to reconsider its decision to offer an unlimited number of new licences.

The booming Thai insurance market, worth about Bt85bn ($3.4bn) a year and growing at least 20 per cent annually, attracted applications from some of the biggest names in Thai industry, anch as agro-industrial conglomerate CP Group, building materiala giant Sahaviriya and Finance One, Thailand's largeat non-bank financial group. In total, 43 companies applied for life insurance licences and 44 for non-life licences, the Commerce Ministry said.

Monsoon floods, ravaging Thailand since July, have claimed 171 lives and caused nearly Bt3bn (£75m) in damage to crops and property, a government statement said yesterday, Reuter reports from Bangkok. Heavy rains have displaced more than 1m people in 66 of the country's 76 provinces, it said. The authorities estimate that 6 per cent of the main Thai rice crop dne to be harvested by the end of this year has been destroyed in the floods, said to be the worst in nearly 12 years.

The last new licence was awarded in 1981, and the present programme is the first part of a three-stage liberalisation of the Thai insurance industry. Once the new companies are operating, the foreign ownership limit will be raised to 49 per cent (25 per cent now).

Existing insurance companies have played up worries that the indiscriminate awarding of new licences will cause the industry to become too cut-throat, leading to financial failures by new and old companies. These warnings are compounded by a lack of trained personnel for the sensitive tasks of risk management.

Officials at the Commerce Ministry have remained noncommittal about whether they will follow the previous government's plan to award licences to all qualified applicants, saying they want to study the applications first. An announcement sbould be made within 90 days.

Thailand already faces a shortage of about 10,000 trained workers for the insurance industry, the Thai Life Assurance Association says. Existing companies report losing as many as 30 per cent of their staff to new applicants. Salaries in the industry have doubled in some cases.

Some existing companies are planning to step up their reinsurance business to serve the newcomers; others have taken foreign partners to bolster expertise.

Islamic militia opens attack on Afghan capital

By Farhan Bokhari and agencies

Afghanistan'a Islamic *talibaan* militia yesterday launched an offensive on Kabul. The attack follows several months' speculation that *talibaan* fighters were preparing an offensive to oust President Burhanuddin Rabbani.

The strategic town of Charasstra, 20km south of the capital, has been captured from forces loyal to the president, putting *talibaan* forces within rocket range of Kabul, according to reports reaching western sources in neighbouring Pakistan.

There were few reports of casualties in yesterday's fighting, bnt at least one rocket landed in south west Kabul, residents said.

This lateat dsvelopment again raised fears of another round of fighting in Afghanistan, especially as reports poured in that Mr Rabbani's government was preparing a counter-attack. Since Soviet forces left in 1989, no single faction among Afghanistan's various Islamic and ethnic groupa bas proved strong enough to take charge of the entire country.

The *talibaan* – students from traditional religions schools who many believe are backed by Pakistan – appear to have strengthened their position since last month, wben they invaded the western city of Herat. Their motives are still unclear except that they say they want to restore peace to the country.

However, the small number of westernised Afghans worry that they would try to introduce a new brand of Islamic fundamentalism.

Meanwhile, concerns are mounting abont a worsening humanitarian crisis which some observera believe has undermined peace efforts.

Earlier this week, the United Nations published its annual appeal seeking up to $124m in ald for tbe next 12 months. However, donors have given less than 80 per cent of the $106m sought last year.

Many are concerned that new money will end up in projects that are destroyed in fresh fighting. But UN officials are urging donors to consider that many young Afghans who are well armed will find it hard to give np their weapons unless new economic opportunities are available.

ASIA-PACIFIC NEWS DIGEST

Keating returns fire on Murdoch

Mr Paul Keating, Australia's prime minister, yesterday hit back at criticism by Mr Rupert Murdoch, the international media proprietor with large newspaper publishing operations in Australia, about the state of the country's economy, claiming it was robust, rather than "terrible" as Mr Murdoch maintained.

Mr Murdoch, in Adelaide for his News Corporation's annual meeting on Tuesday, had described the economy as a "disgrace", and pointed to an unemployment figure of over 8 per cent, and much higher levels of yonth unemployment.

Yesterday, Mr Keating countered, telling a press conference that "with an election up to half a year away, it is a good opportunity for me and the government to confirm again simply how strong the Australian economy is". News Corp, he continued, should become involved in the government-sponsored training programmes to help ease the high rate of youth unemployment.

The falling-out between News Corp and the government appears to be less bitter than a fracas earlier this year between Canberra and Mr Kerry Packer, another Australian media tycoon. But Mr Murdoch'a comments come at a sensitive time, with pre-election campaigning under way and the government lagging in the polls. They were interpreted as a sign that the businessman may be hedging his political bets before a potential change of government. *Nikki Tait, Sydney*

NZ chemical fumes hurt 50

At least 50 people were admitted to hospital yesterday after a fire and explosion at a New Zealand insecticide plant sent toxic fumes into the atmosphere, emergency services said. More than 700 people living near the south Anckland plant were evacuated from their homes as over 100 firefighters and 27 engines battled to put out the blaze. The fire service declared a red alert, its highest level and the first such alert in Anckland for a decade. But it was lifted around five hours after the blaze started. *Reuter, Wellington*

Suu Kyi regains party post

Burma's democracy leader Aung San Suu Kyi (*pictured left*) has been reappointed general secretary of the party she helped found seven years ago, which went on to sweep a 1990 election, party members said yesterday. Ms Suu Kyi, released from six years of house arrest in July, was reappointed general secretary of the National League for Democracy at a party meeting on Tuesday. Two other senior party members released from prison in March were appointed vice-chairmen. Mr Tin Oo, a former senior military officer who founded the party with Ms Suu Kyi in 1988, was appointed vice-chairman, as was Mr Kyi Maung. He led the party to its May 1990 election victory, after Ms Sun Kyi and Mr Tin Oo were imprisoned, until he too was imprisoned later that year.

The NLD was formed in September 1988, days after the military crushed a democracy uprising and set up the ruling State Law and Order Restoration Council (Slorc). Less than a year later Ms Suu Kyi was placed under house for "endangering the state". Despite her detention, the NLD took 392 of 485 parliamentary seats in a May 1990 election, but the Slorc ignored the result and launched a sweeping crackdown on all opposition, imprisoning many senior NLD members at the national and local level. The rump of the party, led by Mr Aung Shwe, formally expelled Ms Suu Kyi after pressure from the Slorc in December 1991, shortly after she won the Nobel Peace prize. *Reuter, Rangoon*

Shanghai to get £2.8m UK aid

The UK has approved aid grants of £2.8m ($4m) to combat industrial pollution and improve the municipal water supply in Shanghai, the British Overseas Development Administration said yesterday. British experts commissioned by the ODA would work with the Chinese authorities on projects aimed as strengthening Shanghai's pollution monitoring, promoting pollution control techniques and producing a plan to ensure an adequate and safe water supply for the city to 2000.

● China's industrial output rose by 13.4 per cent in the first nine months of the year to Yn1,282bn ($154bn), the State Statistics Bureau said in a report. Industrial output growth in the third quarter increased by 12.3 per cent, from 14 per cent in the second quarter and 14.4 per cent in the first quarter.

● China has identified 474 state-owned enterprises that could be merged or declared bankrupt in an attempt to eliminate loss-making industries in 18 pioneer cities, the China Securities said on Tuesday. Of the 474 enterprises, 161 have started the process of going bankrupt, it said, quoting Mr Chen Qingtai, vice-minister of the state economic and trade commission. Of these, 58 state companies have already declared themselves bankruptcy, 20 are in the process of going bankrupt and 83 are about to start down the road to liquidation, he said.

● US giants Coca Cola and Pepsico have grabbed an 18.5 per cent share of China's fast-growing soft drink market, the People's Daily said on Tuesday. China prodnced 6.27m tonnes of soft drinks and other beverages in 1994, or nearly 22 times the level of 1980, which translates into an average annual growth of 25 per cent, the newspaper's overseas edition reported. Yet Chinese consumers still drink just an average 5kg a year, or one-ninth the global average, leaving room for continued growth, the newspaper said. *Reuter, Beijing*

Spratly talks under way

The sixth round of talks on the disputed Spratly Islands opened on Tuesday with Indonesia, the host, urging claimants to avoid turning the area into Asia's next flashpoint. They are the first such talks since tensions between rival claimants returned to the surface this year, with rows between China and its neighbours. The Spratlys are a cluster of potentially oil-rich isles and reefs in the South China Sea claimed wbolly or in part by China, Taiwan, the Philippines, Vietnam, Malaysia and Brunei. *Reuter, Balikpapan, Indonesia*

■ The Philippine economy is not in danger of overbeating despite an annual inflation rate at a 45-month high of 11.8 per cent in September, Morgan Stanley Asia said. Mr Michael Taylor said in a research paper the rise was due to food price increases, particularly rice: "The inflation figures, in detail, then, hardly suggest that inflation is raging out of control because of excessive monetary laxness." *Reuter, Manila*

WTO to hear anti-EU complaints

By Frances Williams in Geneva

The World Trade Organisation yesterday set up independent dispute panels to rule on complaints against the European Union by Canada on cereals tariffs and by Peru and Chile on labelling regulations for scallops.

However, the EU rejected a panel request by the US, also on cereals tariffs, saying that consultations now under way had "every chance of reaching a successful result". If the dispute is not resolved, under WTO procedures the EU must agree to a panel at the next meeting of the dispute settlement body on November 1.

The body was also told that a recommended list of candidates for the seven-member appellate body had been drawn up and would be presented to WTO members no later than November 1. The selection has been held up for months by EU and US demands for two seats each, which they have now had to abandon.

Ambassador Don Kenyon of Australia, the disputes body chairman who presided over the six-man selection committee, said yesterday that the committee had concluded its deliberations but that a "very few" WTO members had requested a short time "for reflection". This is thought to refer to a last-ditch effort by Brussels to get the Swiss nomination substituted for the candidate from New Zealand.

The other chosen appeals judges are thought to be from the US, Germany, Egypt, the Philippines, Urnguay and Japan.

The cereals complaints relate to Brussels' use of reference prices to set tariffs rather than the prices of individual grain shipments which, it is argued, violates the terms of the WTO's farm trade agreement.

Peru and Chile are complaining about French labelling regulations which prevent their scallops being described as "coquilles Saint Jacques", although they are claimed to be identical to the French variety.

Farm row halts Apec trade talks

By William Dawkins in Tokyo

Members of the Asia Pacific Economic Co-operation forum, representing half the world economy, yesterday failed to resolve a deadlock over plans to liberalise trade in goods and capital by early next century.

Senior officials of the 18 Apec member countries, chaired by Japan, broke off talks yesterday morning, unable to narrow a split over whether farming should be included in plans to bring free trade in the region by 2010, with developing countries joining in 10 years later.

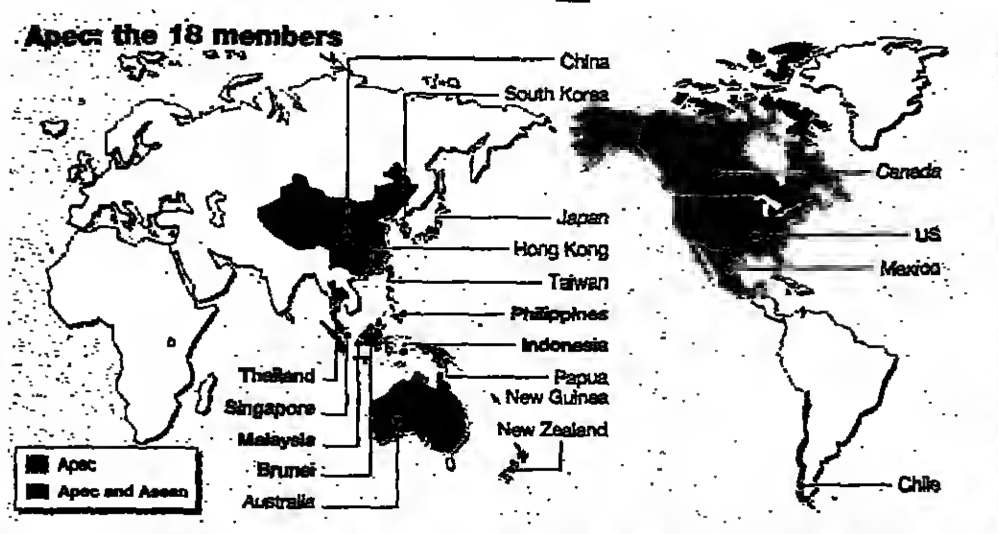
"Each member just repeated his basic stance ... the basic structure of confrontation remains unchanged," said a Japanese foreign ministry official. Differences were too deep to he resolved hy simply rewording the plan, he said.

The dispute will now be passed to trade ministers for a final attempt at a political accord, three days before Apec leaders meet for a summit in Osaka on November 19. Failure to resolve the row would jeopardise the summit's hopes of agreeing on a so-called "Action Agenda", a schedule for implementing Apec's ambitions.

Japan, China and South Korea want to exclude their uncompetitive farmers from the Apec principle, agreed at a summit last year, that trade barriers to all sectors be dismantled. Mr Hosei Norota, the Japanese agriculture minister, yesterday admitted that he had "not told negotiators to go so far as to make extensive concessions so that the meeting will be able to reach an agreement."

The region's top food exporters, the US and Australia, continue to demand that all sectors must be included, though US officials are prepared to countenance a phasing-in period for farmers. Exclusion of one sector, they argue, would cause others to demand special treatment, unravelling the whole Apec scheme.

Apec: the 18 members



There is also discord over whether Apec countries should extend free trade benefits unconditionally for all members, or have the right to demand reciprocal advantages first, according to officials. Here, the US and Australia are seeking firm rules, while Asian members want such gains to be automatic across Apec.

Officials had aimed for an accord hy Tuesday evening, but extended the talks to yesterday morning when the seriousness of the deadlock became clear. Apec officials continue to meet in Tokyo for the rest of the week, which they will spend discussing the next item on their agenda, plans to improve economic and technical co-operation between richer and poorer members.

Apec's membership is diverse, embracing Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand and the US.

Chinese executive air travel venture takes off

By Tony Walker in Beijing

Global Aviation, a Swiss-owned charter operator, yesterday announced a "strategic alliance" with China Sonthern Airlines to provide a new air travel service for executive visitors to China and medical evacuees.

Mr Maurice Amon, chairman of Global Aviation, said the service would be aimed at busy executives who wished to inclnde a number of centres in China in their schedule but had limited time.

At present, executive charter flights into China are restricted, and the lack of adequate locally-based services leaves a gap in the market.

The new charter company will operate from a recently-completed airport in Zhuhai special economic zone in southern China. Global Aviation, through Aeroleasing Far East, its wholly-owned subsidiary, has been providing executive air charters in Asia since 1988, but its tie-up with China Southern opens an important market.

Mr Amon said "start-up" investment in the new venture amounted to about $5m, but be expected the company's activities to grow rapidly.

China Southern, which is one of China's leading regional airlines, will receive payment from the new enterprise on the basis of a percentage of flight hours.

Mr Amon is also chief executive of Sicpa Holdings, the world's largest privately owned ink manufacturer. Sicpa with Zim, a new China fund, recently acquired a controlling interest in Shanghai Printing Ink Factory, China's largest ink manufacturer.

Global Aviation, which has its main operational base in Singapore, flies Falcon jets for executive travel, and Lear jets primarily for medical evacuations.

Its aircraft are Swiss-registered and maintained and operated by Swiss-licensed personnel. Mr Mike Timpani, the company chief operating officer, said the strategic alliance with China Soutbern would fecilitate access to most airports in China.

● China said yesterday western competitors would have to wait until the end of the year to discover who would get to co-produce a 100-seat aircraft, a coveted prize in one of the world's most lucrative markets, Reuter reports from Beijing.

Competing for the co-production deal are Boeing McDonnell Douglas, Daimler-Benz, and a consortium of Aerospetiale, British Aerospace, and Alenia, a unit of Finmeccanica of Italy. Samsung Aerospace Industries of South Korea has already been selected to take part in the project. The proposed aircraft would carry 100-120 passengers, have a range of 2,000km, and cost about $2bn (£1.2bn) to develop.

Argentine gas hope for Amoco

By David Pilling in Buenos Aires

Amoco of the US will step up activities in Argentina, where it intends to spend an initial $100m on gaining a foothold in the potentially huge gas industry, according to Mr Robert Sheppard, president of Amoco Argentina Oil Company.

Amoco, whose interests in Argentina have been almost exclusively in oil production, wants to enter the gas business through acquisitions and hy developing green field projects.

Mr Sheppard predicted opportunities in transporting gas from Argentina to other countries, particularly Brazil. Argentina has several under-explored basins which analysts believe may contain enormous gas reserves.

The southern cone of Latin America, which also includes Chile and Bolivia, was an "attractive region in Amoco's global gas strategy," Mr Sheppard said. The company was considering taking part in the privatisation of YPFB, the Bolivian oil and gas group, and might become involved in a project to build a gas pipeline between Bolivia and São Paulo in Brazil.

The company this week signed an agreement with Agrium, a Canadian consortium, to stndy the feasibility of building a fertiliser plant in the Patagonian province of Neuqnén. The plant, which would cost abont $400m, would be supplied by the El Mangrullo gas field and would produce 600,000 tonnes of urea and 50,000 tonnes of ammonia a year from 1999.

Mr Sheppard conceded that Amoco, which did not participate in the privatisation of Argentina's oil and gas business in the early 1990s, "missed out on some opportunities". The company bad taken some time to realise that liberalisation of thc industry "was for real".

WORLD TRADE NEWS DIGEST

Marks and Spencer dips toe into China

Marks and Spencer, Britain's most profitable retailer, yesterday opened an office in Shanghai as the first step in a possible move into retailing in China. The clothing and food group has opened the office to carry oot detailed studies of the Chinese market, where it sees considerable potential for expansion. Ms Tracey Nelson, marketing manager for Asia, said M&S would not rush into China hut, if it did expand there, "it would not take long to get to a 50-store business".

The opening came only a day after M&S said it was looking for franchise partners in South Korea, following the success of its other stores in east Asia. It has company-owned stores in Hong Kong and franchised outlets in Singapore, the Philippines, Indonesia, Thailand and Malaysia.

Marks and Spencer already sources about £100m ($155m) of goods a year from mainland China, although much of this is through its suppliers, such as Courtaulds Textiles, which have Chinese operations. *Neil Buckley, London*

Boeing hopes to have super-jumbo flying by 2000

Boeing of the US has told British Airways it hopes to have a "super jumbo" jet flying by the end of the century. Mr Frank Shrontz, Boeing chairman, has written to Sir Colin Marshall, BA chairman, saying he regards the development of an enlarged version of the 747 aircraft as a priority. The enlarged aircraft would carry 600 passengers or more.

A joint study between Boeing and four European manufacturers – Aérospatiale of France, Daimler-Benz Aerospace of Germany, British Aerospace and Casa of Spain – concluded earlier this year that there was not a big enough market to justify the building of a Very Large Commercial Transport (VLCT) aircraft.

Since the study, Boeing and Airbus Industrie, the manufacturer owned by the four European companies, have been examining the production of enlarged versions of existing aircraft. *Michael Skapinker, Aerospace Correspondent*

■ Cable and Wireless and the St Lucian government are to establish a joint venture telecommunications company, similar to other Cable and Wireless ventures in neighbouring islands. The British company will have a 60 per cent stake, with the government holding 25 per cent and the remainder sold to local institutional and individual investors. The value of the shareholding was not disclosed.

C&W has provided the government with information for preliminary discussions on the joint venture company, e government official said. *Canute James, Kingston*

■ Emery Worldwide has won a five-year contract extension to deliver parts and major power train components and sub-assemblies for Volvo GM Heavy Truck plants in Ohio and Virginia. The agreement with Volvo GM covers next day and second day delivery from 1,100 North American suppliers to the two truck plants. *Reuter, Redwood City*

Correction

Forfaiting rates in yesterday's FT Exporter were incorrectly attributed to Indosuez Aval Ltd. They were in fact provided by Standard Bank London Ltd.

AMA agrees to Republican health plans

By Jurek Martin in Washington

The American Medical Association, the most influential US healthcare lobby, has dropped earlier reservations and come ont in sopport of Republican plans to reform Medicare, the health programme for the aged.

It did so after winning significant but unspecified changes in the draft legislation affecting Medicare payments to doctors and hospitals. The bill had earmarked more than $26bn in savings through stricter limits oo fees for medical services, prompting the AMA to warn last week that many doctors might refuse to take on Medicare patients.

It was not immediately clear where and bow the Republicans would make compensating savings to achieve the stated goal of lowering Medicare costs by $270bn over the next seven years.

But the AMA decision, announced after a Tuesday night session in Congressman Newt Gingrich's offices, represents a considerable tactical victory for the House Speaker.

The withdrawal of full AMA approval had been instrumental in the rejection of President Bill Clinton'a comprehensive bealthcare plan last year.

The ways and means committee was last night moving towards approving a Medicare bill, with s full vote in the House likely next week. After frequently acerbic partisan exchaoges, the Repoblican majority has consistently voted down Democratic attempts to dilute some of its more radical reforms.

The equally heated war of words between Republican leaders and the White House over the whole budget package, including $245bn of tax cuts, escalated yesterday. Mr Mike McCurry, the president's press spokesman, accused the Republicans of breaking off informal negotiations over the budget bill.

He was respooding to charges from the Speaker and Senator Bob Dole, the majority leader. Mr Gingrich, saying the White House "doesn't get it", repeated he was serious about challenging the president to accept the Republican legislation by the middle of next month or exercise his veto and accept the consequences of the government sbutting down and defaulting on its debt payments.

Mr Dole thought the Senate finance committee, which met informally yesterday, would coma up with the promised $245bn in tax cuts which Mr Clintoo says are being financed by the savings on Medicare and Medicaid, the health programme for the poor.

The committee, however, is considering variations on the basic package.

Republican tensions are such that Mr Gingrich and Mr Dole have agreed that senior party leaders in Congress should now meet daily on the budget to ensure, according the Speaker's spokesman, "no daylight" between the House and Senate.

Colombian cocaine: down but not out

Stephen Fidler and **Sally Bowen** on how the crippling of the Cali cartel has led to new trafficking patterns

The crippling of Colombia's Cali drug cartel – held responsible by the US for a majority of the world's cocaine trade – has led to a dramatic shift in drug trafficking patterns.

The change follows the capture by the Colombian government this year of six out of seven top leaders of the Cali drugs cartel and the destruction of many of their business operations.

While it is still too soon to declare the changes in trafficking patterns permanent, the severe blow to the cartel appears to have starved the cocaine production industry of cash.

As a result, there has been a collapse in the price of cocaine and its base products – coca leaf and coca paste – in the Andean countries where production is concentrated, Peru, Colombia and Bolivia.

Coca leaf prices in principal growing areas such as Peru's Hoallaga and Apurimac valleys have plunged to unprecedented lows in the past six months. An *arroba* (11.5kg) which fetched $70 at the start of the year now goes for $4 – that is, if the grower can find a buyer.

Meanwhile, US administration officials say street cocaine prices in some US cities have increased in recent months. Though this would be consistent with smaller quantities of the drug reaching the US market, they accept the evidence is far from conclusive.

Mr Lee Brown, the US drugs tsar, said last week the virtual dismantling of the Cali cartel had reduced Andean drugs flights by almost two-thirds in the first half of 1995.

Mr Brown said illegal air traffic had moved into the vast and largely uncontrolled airspace of western Brazil. Peruvian traffickers, meanwhile, were also opening op new shipping routes to export cocaine through Pacific seaports or via the Amazon and Orinoco rivers to the Atlantic.

Gen José Rosso Serrano, Colombia's chief of police, said tbst fewer big airlifts of cocaine had been leaving Colombla. Instead, less well financed traffickers are attempting to smuggle cocaine out of the country in smaller lots using "mules". These are individuals carrying small drug packages in or about their bodies over Colombia's land borders or on aircraft. Oo a single recent flight to Martinique in the Caribbean, for example, officials found 27 mules carrying a total of 190kg of cocaine.

Another dramatic indicatioo of changing smoggling patterns is the mid-September capture of a Bolivian aircraft, piloted by a Bolivian air force officer, and its cargo of over four tonnes of cocaine, at Lima's international airport.

The aircraft, en route for Mexico, confirmed what bad been widely suspected: that traditional coca-leaf producers in Bolivia have moved heavily downstream into processing, and new transport routes are opening up in skirt Colombia.

The size of the Bolivian cocaine shipment seized in Lima shocked even the experts, it being widely believed that Bolivia was still primarily a producer of leaf and basic paste. But it shows farmers and middlemen alike in the country are attempting to compensate for dwindling income by processing the refined product and thereby adding value. Recent arrests associated with the haul have also implicated a variety of Bolivian civil servants, military, police and public institutions in the illegal drugs trade.

Cali cartel busted: Rodriguez Orejoela (top left) and 'Scorpioo' Loaiza, two of seven leaders arrested

In July, the US Navy seized its largest ever illegal drugs haul, aboard a Panamanian fishing boat 780 miles west of Peru. On board were more than 12 tonnes of cocaine in 475 sacks hidden in waste oil tanks, with a street value estimated by the US authorities at more than $143m.

Mr Gabriel de Vega, director of Colombia's National Narcotics Office, says if his government continues its campaign against the drugs business, on which it now spends more than $1bn a year, "we can displace a large part of the drugs phenomenon in two to three years."

This would suggest the emergence of other drug production and trafficking centres to compete with Colombia. Brazil, – with its large landmass, chaotic government, corrupt law enforcement and large potential domestic market – is often cited by Colombian officials as being ripe for exploitation by drug traffickers. In the meantime, the importance of the Mexican trafficking cartels is also predicted to increase.

There have been other apparent effects of the crippling of the Cali cartel – ironically by a government whose president, Mr Ernesto Samper, is accused of using the cartel's money in his 1994 election campaign.

Gen Rosso Serrano says there has been a sharp drop in Colombian cultivation of poppies – the base product for heroin and opium. He cites US Defeoce Department figures showing some 6,540 hectares of poppies under cultivation, against 20,000 hectares two years ago, suggesting Cali finance also as an important factor in heroin production.

The dismantling of the Cali cartel has not been welcomed everywhere. The fall in coca prices has had a devastating impact on the impoverished farmers of Peru and Bolivia whose livelihoods depend on coca cultivation.

In the Huallaga valley, traditional heartland of Peru's drugs trade, fears centre on a possible resurgence of the Sendero Luminoso guerrilla group. Disaffected coca growers, with no economic alternatives, could once again be thrown into the arms of the weakened but still threatening guerrillas.

Tha Bolivian government, meanwhile, finds itself uncomfortably squeezed between US demands for deep reductions in the area under coca cultivation, and ever-militant growers who are moving swiftly into virgin lands to plant afresh.

Both the Peruvian and Bolivian governments often criticise inadequate international support in combating drug trafficking at local level. Traditionally, the bulk of US assistance has financed interdiction and crop eradication.

That bias may, however, be changing. The US Agency for International Development recently announced a package worth $44m over five years to help Peruvian coca growers find. alternative sources of income.

Mr Merritt Broady, head of USAID's alternative development programmes in Peru, says the price slump could prove a "window of opportunity", encouraging coca growers to move into legitimate activities.

Russian group visits Cuba to restore links

By Pascal Fletcher in Havana

Russla and Cuba, whose relations waned after the break-op of the Soviet Union, are now seeking to restore some of the long-term commercial and co-operation links they shared during the cold war era.

The biggest Russian government delegation to visit Cuba since the birth of the Russian Federation four years ago flew into Havana on Tuesday for a week of talks aimed at revitalising bilateral ties, inclnding relations between the armed forces.

The 40-member official delegation was headed by Mr Oleg Soskovets, Russia's first depoty prime minister. He was accompanied by senior government officials responsible for foreign trade, nuclear energy, oil, industry, agriculture and food processing. Abont 30 Russian businessmen, including bankers and sugar traders, were also on the trip.

Russia's Interfax news agency said the talks would end with the signing of a bilateral trade and payments protocol for 1996-98, which would cover reciprocal Cuban sugar and Russian oil deliveries for this period.

Cuban state media said Russian co-operation in Cuba's nickel industry would also be discussed.

The two sides were also expected to review military co-operation and the Russian delegation was scheduled to visit a Russian-operated electronic intelligence and communications facility at Lourdes, outside Havana.

The Lourdes centre is a legacy of the cold war that Russia has chosen to maintain, much to tbe annoyance of the US government, which has been pressing Moscow to limit its co-operation with Cuba.

Cnba's large stock of Soviet military hardware and its previously Soviet-supplied indostry, agriculture and transport sectors are all desperately in need of spare parts, and the possibility of new supplies from Russia was expected to figure highly in the talks.

Cuba supplied raw sugar, nickel and citrus to the former Soviet Union, receiving oil, arms, spares and food in return, before the disintegration of the Soviet state disrupted the arms flow and the preferential economic relationship and plunged the island into recession. However, the two sides have maintained annual sogar-for-oil trade deals.

The Russian delegation was also expected to tour the unfinished Soviet-designed nnclear power plant at Juragua, near Cienfuegos, whose construction was halted in 1992. Russia is willing to help finish the plant, but Cuba wants western companies to contribute technology and also needs financing to cover the estimated $800m of completing it.

The two countries have failed to agree on how to evaluate Cuba's outstanding debt to Russia, estimated by the Russian side to total more than Rbs25bn.

EU slams US efforts to tighten embargo

The European Union yesterday denounced efforts in the US Congress to punish countries that do business with the government of President Fidel Castro and proposed boosting EU-Cnban economic ties instead, AP reports from Brussels.

The EU said in a statement that it viewed pending congressional legislation to tighten the American embargo against Cuba "in a negative light" and charged that, if passed, it would violate international trade rules.

"The European Union would like Cuba to have a peaceful transition to democracy and respect for human rights," said the statement, which was issued by the Spanish government, holder of the EU's rotating presidency.

Legislation passed by the Honse of Representatives on September 21 would tighten the 33-year-old US embargo against Cuba and withhold aid from nations that trade with the island.

It would also deny entry into the US to anyone who traffics in US property confiscated by Cuban authorities.

The EU said the measures aimed at influencing the trade policies of other nations violated international agreements, including accords enforced by the Geneva-based World Trade Organisation.

The Clinton administration, which has taken steps recently to ease tension with Cuba, has threatened to veto the bill.

The EU issued its statement as it embarked on a new policy of co-operation with the long-isolated Caribbean nation.

Zedillo sees way out of Mexican emigration trap

Mexicans will be given a chance to follow the path of education and employment rather than the path to the US border, Mexico's Presideot Ernesto Zedillo promised yesterday. AP reports from Washington.

Mr Zedillo told the US Chamber of Commerce that building up Mexico's economy was the best way to end illegal immigration. He also predicted a "new era of justice and respect for the law in Mexico" and declared that both the US and Mexico were benefiting from the North American Free Trade Agreement.

"We must and we will give Mexicans a genuine possibility to improve their lives by following the paths of education and employment, not paths north toward the border," he said, addressiog an issne of great coocern to Americans and very sensitive in Mexico.

In a rebuke aimed at discriminatory practices against immigrants in the US, Mr Zedillo said "basic buman rights of people must be respected on both sides of the border – whether they are citizens, residents or immigrants."

On his first state visit to the US, Mr Zedillo met President Bill Clinton on Tuesday and was fêted at a White House state dinner.

He said Mexico was buying nearly four times more US products than a decade ago, with a big increase since Nafta took effect on January 1 1994.

"Nafta works. The free market works – and the proof of that has been forged in the fierce fires of a serious economic crisis," Mr Zedillo said. "Jobs, income and profits stay in North America. Both the US and Mexico win."

● Hurricane Roxanne hit Mexico's Caribbean resort island of Cozumel with 110mph winds yesterday then gradually lost strength as it plowed into the tropical lowlands of the Yucatan Peninsula, AP reports from Cancun.

But forecasters warned that the storm was expected to regain some of its puncb later wben it emerged on the west side of the peninsula and moved over the warm waters of the Gulf of Mexico.

"All interests in the sonthern and western Gulf of Mexico should monitor the progress of this hurricane," said the US National Hurricane Centre in Miami. A hurricane warning was issued yesterday for a large stretch of the Mexican Gulf coast.

NEWS: UK

Optimism over movement on Irish weapons

By John Kampfner in Blackpool and John Murray Brown in Dublin

An international commission on paramilitary weapona in Northern Ireland could be in place before the visit of President Bill Clinton at the end of next month.

UK officials are increasingly confident that behind-the-scenes discussions involving the Clinton administration, the London and Dublin governmants and Sinn Féin are steadily overcoming the difficulties that led in the postponement of an Anglo-Irish summit a month ago.

They were particularly encouraged by a statement on Monday from Mr Gerry Adams, president of Sinn Féin, the IRA's political wing, in which he said his party would not use threats to try to get its way in all-party negotiations.

Although British ministers publicly said those remarks did not go far enough, officials acknowledge that he is close to meeting two of the three requirements for talks – acknowledgement of the principla of decommissioning IRA arms and of the technical requirements.

Mr John Bruton, the Irish prime minister, told his parliament yesterday Mr Adams' comments represented "a new and important commitment" to the peace process.

In his speech to the Conservative conference today, Sir Patrick Mayhew, Northern Ireland secretary, will reaffirm tha three "Washington principles" including the government's insistence on a formal handover of weaponry ahead of all-party talks. Sinn Féin has consistently denounced these conditions. But Sir Patrick will be keen not to give any indication of slippage to a Tory audience extremely wary of any concessions.

The sub-text, however, is considerably more subtle. In a flurry of meetings in recent weeks officials report cautious progress. Much of the impetus has come from the US government which is determined to ensure that a new level of political dialogue is in the wings at the time of Mr Clinton's visits to London, Belfast and Dublin.

"Things are happening, and fast," one official said. "But such are the sensitivities we are all treading extremely carefully." Leaders of Northern Ireland's main political parties, including the Ulster Unionists, have been in regular telephone contact with the US administration since a visit to Belfast two weeks ago by Ms Nancy Soderberg, Mr Clinton's special adviser on Northern Ireland.

The Americans are impressing on Mr Adams the need to agree to the establishment of the decommissioning group before the Clinton visit, linked to the announcement of a date for higher-grade political talks.

These, in effect, are already taking place. Earlier this week, Mr Michael Ancram, Northern Ireland's political development minister, met Mr Martin McGuinness, Sinn Féin's chief negotietor. Much will depend on Mr David Trimble, the Ulster Unionist leader, who is due in Washington at the end of the month for high-level talks for talks demonstrating a new-found flexibility on the part of unionists.

UK NEWS DIGEST

Ocean disposal of Brent Spar still an option

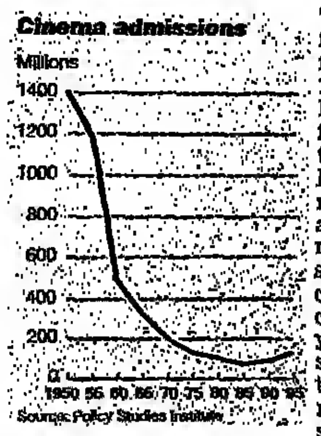
Deep sea disposal or reuse of the Brent Spar oil installation remain among the options open to Shell, its owner. The oil company yesterday launched a public consultation to find an acceptable way of disposing of the controversial North Sea oil storage buoy. Brent Spar has been moored in a Norwegian fiord since Shell aborted attempts to sink it in the North Atlantic in June.

Mr Heinz Rothermund, the managing director of Shell UK Exploration and Production, yesterday refused to rule out any options, saying it would be wrong to speculate about the most likely disposal means ahead of the consultation. "We want an honest dialogue", he said, stressing that Shell would listen to all genuinely interested parties.

It has already had contacts with Greenpeace, the environmental group which led last summer's successful campaign to halt the sinking. The consultation will begin with an announcement in the EU's official journal soliciting proposals. Mr Rothermund said the choice would be made on the basis of the best practicable environmental option (BPEO) which would balance considerations of environment, public opinion and economics.

Since the public storm over the storage buoy, Shell has received 216 unsolicited proposals for its disposal. These range from offers of outright purchase to plans for using it as an offshore casino in the English Channel. *David Lascelles*

Credits roll for movies



The overall market for feature films in the UK has grown fivefold in real terms between 1982 and 1993 according to the latest Cultural Trends 1994 from the Policy Studies Institute. The balance of the market between the various film media has changed dramatically and video represents the most common form of consumption of films even though consumer expenditure at the cinema box office rose year-on-year from 1984 to 1993. Video sales account for 35 per cent of the market followed by video rental at 29 per cent. Movie subscription channels on satellite and cable took 19 per cent with the cinema box office representing only 17 per cent of consumer spending on film.

In 1993, the last full year for which figures are available, UK expenditure on film consumption totalled £1.8bn. In 1993 the average budget of a British film was £3.2m. In 1983 – at 1993 prices – the figure was £8.4m. *Raymond Snoddy*

Deficit forecasts raised

Economists' forecasts for the size of the UK current account deficit have been sharply raised in recent weeks, with the 1995 deficit now expected to be twice as large as last year.

A comparison of independent City and non-City forecasts, compiled by the Treasury, yesterday showed that economists revised their projections for the current account deficit up by almost £3bn ($4.74bn) last month.

The revisions cast fresh doubt on the strength of the UK trade position, as the country comes near the end of the third year of economic recovery. For although rising exports and flat levels of imports have fuelled hopes that the UK could be returning in a current account surplus soon, the picture has deteriorated significantly in recent months.

Forecasters predict, on average, the UK will have a current account deficit of about £4.3bn this year, falling to £3.7bn next year. This 1995 level is sharply higher than the £1.6bn that was the average deficit forecast in September. *Gillian Tett*

Engineering salaries show rise

Salaries of professional engineers and technicians in the UK have risen substantially in real terms over the past three years, according to a survey published yesterday by the Engineering Council. Chartered engineers' average pay has risen 12.2 per cent since 1992, to £35,654, compared with an 8 per cent rise for the retail price index. Real incomes have also increased, although less sharply, for incorporated engineers and engineering technicians. *Andrew Baxter*

Scottish footballer jailed

Scotland and Everton striker Duncan Ferguson last night became the first British international player to be jailed for assaulting a fellow professional on the field of play, when be began a three-month jail term after losing an appeal.

Three judges in Edinburgh ruled his three-month sentence for head-butting John McStay was not excessive. The sentence was imposed in Glasgow in May after the clash in April last year with McStay during a game between Ferguson's then club Rangers and Raith Rovers. *PA News*

Disputes code for construction

By Andrew Taylor, Construction Correspondent

A code of conduct aimed et rednoing conflict and unfair practices which cost the construction industry and its customers bundreds of millions of pounds a year will be adopted today by some of Britain's largest public and private sector organisations. Most of the biggest UK contractors have agreed to abide by tbe new code which seeks to improve contractual relationships between customers, construction groups, specialist sub-contractors and suppliers.

The code aims to minimise cost increases and disruptions ceused by design changes introduced after work has started and to shorten payment periods to ease cash flow pressures on sub-contractors. Customers which bave signed the Commitment to Fair Construction Contracts include the Highwaye Agency, Railtrack, PowerGen, London Underground, Thames Water, BAA, Marks & Spencer, Glaxo Wellcome, Mobil Oil, McDonald's and Forte.

Construction groups which heve agreed to abide by it include Wimpey, Tarmac, Balfour Beatty, John Laing, Taylor Woodrow, Amec, Alfred McAlpine, John Mowlem and the Miller Group.

Tbe initiative is beIng launched by the Construction Round Table, composed of leading construction customers which expect to spend £3bn a year on projects over the next five years. It calls for easy-to-understand contracts which would clearly define the duties of all involved in a project and establish procedures to allow independent resolution of disputes avoiding costly litigation.

The recommendations are in line with proposals made last year in a review of construction practices by Sir Michael Latham, the former Conservative MP and ex-director of the Housebuilders' Federetion. This review, sponsored by industry and government, recommended improvements in contracts and disputes procedures to reduce construction costs by 30 per cent by 2000.

There has been concern that the Latham proposals, which call for legislation, may have become bogged down by industry infighting.

The new initiative comes as a study by Dal-Sterling, the international dispute resolution consultants, revealed that about a quarter of the 50 largast UK contractors earn between 10 and 15 per cent of annual turnover from contract claims against customers and suppliers.

Tories seek revival amid conference flag-waving

By Robert Peston, Political Editor

Mr Michael Heseltine yesterday hailed this week's Tory conference as a "turning point" in the party's fortunes akin to the second world war battle of Alamein, only hours before the leadership suffered the unusual embarrassment of losing a conference vote.

With a characteristic mixture of Labour party bashing and Tory flagwaving, the deputy prime minister won the biggest ovation of the week for a speech on the opposition's threat to the UK as the "enterprise capital of Europe".

Mr Heseltine hopes this will emerge as the Tory party's main general election campaign theme, underpinning a raft of policy proposals. One important decision, which is unlikely to be announced this week, is that the Treasury has decided against aping Labour and will not levy a windfall tax on the utility companies in November's budget. But Mr Kenneth Clarke, the chancellor, is expected to reiterate today that the substantial tax cuts be wants to make will ouly come if public expenditure is reined in.

Other announcements over the next couple of days are likely to focus on the traditional Tory theme of law and order. A tougher sentencing policy and the extension of the mandate of the domestic security service, MI5, to include co-operating with the police in attacking organised crime are both expected to be unveiled.

Although the government has designed a series of populist policies aimed at their traditional supporters, conference delegates yesterday took the rare step of voting against the leadership, when it backed a proposal for the abolition of the cap on the council tax. The Treasury has recently blocked proposals for the ceiling to be lifted, because of the implications for public spending.

Activists want the cap abolished, because they bope such a move would encourage Labour controlled councils to spend recklessly, undermining the opposition's attempt to portray itself as committed to tough economic management.

Tory conferences are normally so effectively managed that votes almost never go against the leadership. The conference has little effect on government policy, but it is an embarrassment in the wake of last week's Labour conference, when its leadership lost no floor votes for the first time in living memory.

BR freight subsidiary set to go on sale for third time

By Charles Batchelor and Kevin Brown

Freightliner, British Rail's heavily lossmaking freight subsidiary, is in be offered for sale for a third time in December with the promise of a five-year subsidy to make it more attractive to buyers.

The package will include a five-year track access agreement with Railtrack, which means that hidders will know the extent of their largest single outgoing, the cost of renting "slots" on the railway network.

The government, meanwhile, confirmed yesterday that Railtrack is to be sold by means of a stock market flotation next spring. Sir George Young, transport secretary, told the Conservative party conference in Blackpool that at least 51 per cent of the company would be offered to investors. City analysts expect it to be valued at about £2bn ($3.2bn).

The suggestion that 49 per cent of Railtrack might remain in public hands surprised Labour, which would be able to bonour Mr Tony Blair's promise to restore a publicly owned railway by repurchasing just over 1 per cent of the total shares. But Sir George said ministers had not ruled out selling 100 per cent.

Bidders for Freightliner will have until the beginning of February to put in offers for the company, which moves containers between ports and inland rail terminals. It made a loss of £38m on turnover of £78m in 1993-94.

Freightliner was to have been the first significant part of BR's freight operations to be sold off but it failed to attract acceptable bids. In January, it was taken off the market to allow its present management to restructure the business and reduce losses.

But it was unclear whether the subsidy, in the form of a track access grant, would be sufficient to attract acceptable bids.

The government bas allocated only £14m a year to pay track access grants. Last year it paid out only £2m in grants.

EU commissioner warns against 'Euro-bashing'

By Lionel Barber in Brussels

Sir Leon Brittan, EU trade commissioner, will today warn Britain's Conservative party that it will lose the next general election if it insists on fighting on a neo-nationalist, anti-European platform.

In a bid to stem the tide of anti-Brussels sentiment at the conservative party conference, Sir Leon will argua that Britain will surrender all influence in Europe if "Euro-bashing" turns into a national sport.

His speech in Blackpool is a riposte to Mr Michael Portillo, the UK defence secretary, who raised the bogey of a pan-European army marching with "harmonised cap badges", limits on the fighting week, and half the soldiers on home and paternity leave.

An aide said Sir Leon was "appalled" by Mr Portillo's conference speech on Tuesday, and the rapturous reaction from Tory delegates. The European Commission, usually at pains to stay out of national political debates, also responded in unusually strong terms.

The European Commission said Mr Jacques Santer, Commission president, considered Mr Portillo's speech "grotesque" and a wilful distortion of the facts. "It's tilting at windmills," said a spokesman.

Mr Santer was said to be disappointed by the mood in Blackpool. In his first eight months in office, he has tried to build bridges with moderates in Britain, and end the mutual suspicion and hostility often generated by his predecessor Mr Jacques Delors.

Sir Leon, who served in the British cabinet as home secretary and trade secretary in tha 1980s before becoming an EU commiseioner in 1989, is equally uneasy about the stampede to the anti-European right among his one-time colleagues.

He is expected to argue atrongly that Britain is winning rather than losing the debate over the future of integration in Europe. As a result of British-led pressure, Brussels is legislating less, and EU social policy is shifting toward more toward deregulation, getting people back to work, and encouraging private business.

Sir Leon is also expected to offer a mild rebuke in Mr Malcolm Rifkind, Britain's new foreign secretary, who recently tilted toward the Euro-sceptics by arguing that the pursuit of British interests in Europe was more important than seeking influence.

Mr Geoffrey Martin, head of the European Commission's UK office, is hardly a bousehold name in Britain. But he yesterday became the man who wrote off the conservative government's policy on Europe.

Mr Martin's appeal to opposition parties to take the fight to the Tories and "stand up for the European ideal" caused beart-burn inside the Commission, where the rule is to avoid taking sides in domestic politics at all costs.

Sir Leon Brittan is expected to rap Mr Martin's knuckles for his gaffe during a radio interview. Mr Martin insisted yesterday that he had received messages of support, and regretted his "Freudian slip".

"It was not my intention to criticise the Conservative government. In my inarticulate way, I was criticising the Conservative conference," he said.

Mr Martin said he enjoys his job, and insisted that he remains apolitical with no party affiliation. It was, of course, pure coincidence that his next appointment was with Mr Robin Cook, Labour's shadow foreign secretary.

Medical research institute set for London base

Daniel Green and **Clive Cookson** on a shift in drug discovery work

An ambitious naw type of medical research institnte, designed to bring an industrial discipline to academic drug discovery, is to be set up at University College London.

Tha Institute for Strategic Medical Research could eventually grow to be the biggest medicines research group outside the drugs industry.

It will eventually house up to 300 scientists in the Victorian "Cruciform Building" on Gower Street, vacated two years ago by University College Hospital.

The Cruciform Project has already attracted grants of £14.5m ($22.9m) from the government's Higher Education Funding Council and £11.5m from the charitable Wellcome Trust to refurbish and equip the red brick building.

And Glaxo Wellcome, the UK drugs company, will contribute £10m to support one specific research project.

Professor Salvador Moncada, who was research director of Wellcome until the company's take-over by Glaxo this spring, is directing the project.

His decision to leave Glaxo Wellcome deprives the company – the world's biggest drugs group – of one of its most respected scientists. He will take with him several former colleagues from the Wellcome Research Laboratories in Beckenham, Kent, closed as a result of the merger.

The establishment of the institute limits the damage done by Beckenham'a closure to south-east England's status as perhaps the greatest concentration of medicines research in the world. The institute will also absorb research teams from St George's Hospital and King'a College medical schools. About 40 scientists will begin work early next year in temporary laboratories in the nearby Rayne Institute while the Cruciform building is being renovated.

Prof Moncada says the idea is to carry out drug discovery in a university environment, insulated from the pressure to produce short-term results that is increasingly characteristic of pharmaceutical companies – while maintaining industry's "goal-oriented" approach.

He said that this plan, though conceived more than a year ago, fitted with the government'a "Technology Foresight" scheme to influence academic research towards goals identified as potentially fruitful.

The institute will have scientific teams in medicinal chemistry and clinical research, as well as cell and molecular biology, just like a drug company.

"In the future, the industry will do less and less basic research itself and dapend more on outside units like ours to discover new drugs," says Prof Moncada. "Companies will then concentrate on developing very quickly the drugs they take in."

The institute will focus first on discovering new drugs for cardiovascular disease – and particularly on preventing fatty deposits building up in blood vessels – and for degenerative brain diseases such as Alzheimer's. Prof Moncada's own project, funded by Glaxo Wellcome, concentrates on a small molecule called nitric oxide which has recently been found to play an important part in many diseases.

Sir Derek Roberts, provost of University College London, says the new institute "will firmly establish UCL as the leading centre of basic medical and clinical research in Europe." Two drug companies, Sandoz of Switzerland and Eisai of Japan, already fund research centres there.

UCL is looking for another £12m to finish refurbishments and £40m to £50m more to expand research over the next seven years, Sir Derek says.

Vitamin A link to birth defects

Pregnant women consuming high levels of vitamin A run a greater risk of having a child with birth defects, according to a study published this week in the New England Journal of Medicine.

The study, authored by Kenneth Rothman of the Boston University Medical Centre, casts a shadow on pre-natal vitamin supplements, which have been commonly prescribed to pregnant women in recent years.

"Most of the problem with high vitamin A intake came through vitamin supplements," said Rothman. The babies of women taking high levels of vitamin A had a greater chance of suffering defects of the neural tube, which forms the spinal cord and brain.

A link between high doses of vitamin A and birth defects has already been established. However, previous research had implicated only extremely high dosages – five or more times recommended daily allowances. The new study implicated relatively low amounts of vitamin A – just 200 per cent of daily recommended allowances.

Vitamin A is found naturally in meat and dairy products, especially in liver, though rarely in concentrations large enough to cause problems. Rothman cautioned that one primary food source for vitamin A, however, is fortified cereals. "Certain cereals can contain dangerously high levels," says Rothman. As a result of the study, the Food & Drug Administration issued a warning to pregnant women to avoid cereals and vitamin supplements with vitamin A, and to limit intake of the vitamin to 100 per cent of recommended daily allowances.

The study did not implicate beta-carotene, a nutrient found in plants and vegetables. The FDA cautioned women not to eliminate vitamin A intake altogether, noting that too little could place the unborn child at as great a risk as too much.

Victoria Griffith

Jenny Luesby reports on a plastics breakthrough which chemicals companies are rushing to get in on

Catalysts to catch

Dow's Insite catalyst has a ring of five carbon atoms next to a titanium atom. Nitrogen and silicon atoms hold the molecular structure in place

What has Dow got that has attracted rival DuPont into a $1bn (£600m) joint venture in which DuPont is providing nearly all the sales? The same thing that this week saw DSM of the Netherlands announce it was turning over an entire plant to an Exxon product on which it will get only half the profits.

The answer is metallocene chemistry, an innovation that is expected to transform plastics. The technology makes plastics 500 times more efficiently, on existing machinery, in forms that have never been seen before. Already, the race has begun to get in the market.

The breakthrough has nothing to do with the raw materials used to make plastic; it is the structure of the catalyst that converts oil molecules to plastic that is causing the stir.

With conventional plastic, a catalyst works by breaking bonds inside the oil molecules. These then link into long chains to form plastic. However, the catalysts used so far have been fairly primitive tools.

For polyethylene, which is the world's most widely used plastic, they have changed only marginally since the 1950s, when something called the Ziegler-Natta catalyst was invented.

The problem with the conventional structure is that it produces uneven plastics. Tiny granules of mixed titanium and magnesium chloride (typical raw materials that are mixed with oil to make plastics) are always slightly different. Some will have more titanium at the surface. Elsewhere, the titanium will be buried.

A microscopic slice of such plastics would show long chains and short chains, spread randomly, or side chains branching off at irregular intervals. The metallocene technology, however, produces more regular structures, which means the plastics are more even, easier to process, adaptable and more flexible.

The industry is promising great things from the metallocene catalysts, developed by Dow, Exxon and BP (and claimed by others). Dow, which last year won the US invention of the year award for some of its metallocene work, estimates the new technology will be earning it more than $1bn a year within five years, and a further $1bn in new sales in the joint venture with DuPont, in which Dow's metallocene technology is combined with DuPont's synthetic rubbers business.

The secret lies in a molecular structure which fixes an unusual ring of five, rather than the usual six, carbon atoms next to a titanium atom. This structure puts the molecule under stress as the carbon atoms try to adjust to their usual positions. The titanium then sparks off the reaction between oil molecules that produces long, even chains. The technology significantly increases the processing and performance options of the new polymers, according to Dow.

> **The technology will affect many sectors, including packaging, automotive, wire and cable, and foam**

Exxon's catalysts are similar, although it favours a combination of two five-sided carbon rings rather than a single ring and a nitrogen atom. Other metallocenes incorporate zirconium instead of titanium.

In both cases, the result is uniform particles of a highly active catalyst, although exactly how they work is a mystery. "This is black art," says Malcolm Kaus of Exxon, "with scientists only speculating on how they work now they have invented them."

But their effect on plastics is phenomenal. They produce molecule chains of a much more uniform length, and where a second type of chain is added, these branch off at regular intervals. This endows qualities in its own right, but the new catalysts also allow new ingredients to be added, offering enormous versatility.

"For the first time, we can really control the molecules inside these plastics," says Julien Damen of Dow.

Polyethylene, also known as polythene, can be made much stronger – meaning it can be processed more quickly – and transparent rather than just opaque.

New ingredients can add longer side-chains to the main polyethylene chain, making it so much more flexible that it is as close to rubber as to plastic. And the plastic can be made rigid or elastic, with levels of elasticity comparable to natural rubber, according to Dow.

It can even be made to be runny, or sticky, replacing traditional adhesives. Some of the new plastics will also have lower melting points.

For Dow these possibilities have set it racing to produce substitutes for other plastics. Typical is a new polyethylene-covered, foam-filled, baby-changing mat that looks the same as the old PVC version but has no smell.

Other potential novelties include: artificial leather made from polyethylene; a swimmer's flipper where both the black rubber spade and the plastic shoe are made from different types of polyethylene, and thus bond perfectly; and cushioned polyethylene flooring that is tougher than the toughest PVC.

These markets will bring the quickest pay-backs, say Dow and Exxon, but both point to the potential for entirely new plastics – as different as polythene was from Bakelite. Dow believes the technology will affect many consumer and industrial sectors, including packaging, automotive, wire and cable, and foam.

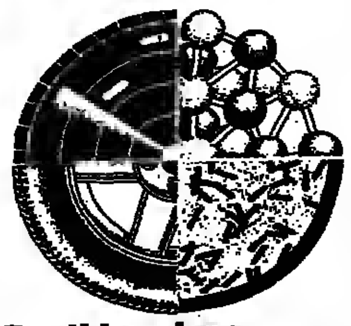
It is the scale of these possibilities that is now prompting the flush of alliances. Exxon has entered a research alliance with Hoechst and Matsui, and it has announced a 50-50 joint venture with DSM to manufacture and market the new polymers. Dow has set up with DuPont, an expert in the rubber, adhesives and coatings that have not been Dow's traditional strengths.

Their aim is to lock up as many metallocene plastics, processes and catalysts as possible, under patent. Exxon has already filed over 100, and Dow more than 30. And they will all run until at least 2010.

Thus, while British Petroleum says it is getting close to commercialising its metallocene catalyst, BASF, the German chemicals groups, makes similar claims, and many others say they have produced metallocene plastics in their laboratories.

With Exxon, Dow and BP all intending to license their technologies, the outlook, say some observers, is a chemicals industry in which just three companies will control the technology and the rest will be licensed operators, perhaps before the century is out.

Worth Watching · Vanessa Houlder



Peptide raises hopes for pain killer

The discovery of a neuropeptide that heightens perception of pain has raised hopes for the development of a new type of powerful but non-addictive pain killer, according to a report in today's Nature.

The peptide of 17 amino acids was isolated by scientists at the Laboratoire de Pharmacologie et de Toxicologie Fondamentales in Toulouse. They found it was able to bind to a receptor called ORL, which is similar to the receptor that binds to morphine.

When the peptide was injected into rats it increased their perception of pain; when the expression of the ORL, receptor was blocked, pain was reduced. This raises the possibility that antagonists which block the receptor could prove powerful pain-relieving drugs.

Laboratoire de Pharmacologie et de Toxicologie Fondamentales: France, tel 61175981; fax 31175994.

Doppler used for sick babies monitor

The Doppler effect, by which the frequency of sound emitted from a moving object changes as it passes an observer, is being used in the development of a non-invasive ultrasonic sensor for monitoring the hearts of premature babies.

The sensor contains several concentric piezoelectric ceramic rings which emit and receive ultrasound waves up to 10,000 times per second. The sensors can monitor changes in ultrasonic frequencies as the red blood corpuscles pass the measuring point.

The Fraunhofer Institute for Biomedical Engineering believes the sensor, which can measure blood volume as well as speed, gives far more precise values than existing techniques.

Fraunhofer Institute for Biomedical Engineering: Germany, tel 6894980205; fax 68 949 80400.

Simulation cuts car design lead times

An advanced computer simulation device that allows car makers to design manufacturing tools at an early stage of the process has been formulated by Ove Arup, UK design consultants, Cray Research, the supercomputer manufacturer, and Arthur Andersen.

Normally, the design of metal stamps for panels, which involves trial and error because the metal sheets may ripple or split when they come under pressure, takes place late in the design process. But car makers would like to carry out different steps of the design process simultaneously to cut lead times.

Ove Arup & Partners: UK, tel (0)171 465 2255; fax (0)171 465 2312.

Construction contracts online

An online database of "calls to tender" covering public construction, supply and service contracts in the EC, US and Japan, has been launched by Context, an electronic publisher.

Procurement information can be selected by any criteria on the database, on which every word is indexed. It contains the contracts published in the official Journal of the European Communities and from the European Economic Area and the World Trade Organisation.

Context: UK, tel (0)171 2678989; fax (0)171 2671133.

Motorists' map on a portable computer

A satellite navigation system for portable computers that allows motorists to monitor their exact position will be launched this month. Softwair, a UK software company, has based its "personal navigator" program on computerised Ordnance Survey maps in conjunction with a GPS satellite receiver, which can be incorporated into a PCMCIA card.

The system, which costs about £1,000, shows the user's exact location in relation to the departure point, destination and any other pre-assigned locations.

Softwair: UK, tel (0)171 4918021; fax (0)171 4997517.

هكذا من الأصل

ARTS

THE NEON BIBLE
Terence Davies

THE WILD BUNCH
Sam Peckinpah

SPECIES
Ronald Donaldson

THE NET
Irwin Winkler

NIGHTWATCH
Ole Bornedal

Surrealism launched from a quicksand base: Jacob Tierney, Gena Rowlands and Diana Scarwid in Terence Davies' 'The Neon Bible'

Cinema/**Nigel Andrews**

Second-hand fantasies

Terence Davies's *The Neon Bible* is like Proust gone to the Deep South. I kept expecting characters called Sheriff Charlus or Missy Albertine to wander across the screen. This weird movie was made by the gifted director of *Distant Voices, Still Lives* and *The Long Day Closes* from an American autobiography: the posthumously published juvenilium of John Kennedy Toole, who won a Pulitzer Prize for *A Confederacy Of Dunces*.

The film could be taking place anywhere and nowhere. It was shot in Georgia but is set mainly in Davies's mind: a place you either love or hate.

I love it, while lamenting its owner's apparent unawareness here of what to do with it. The films set in his native Liverpool were "poetic," but they were also circumstantial. We gasped at the free-range camera movements, the lyrical chiaroscuro, the characters who soliloquised or sung as well as conversing. Yet the surreal grew from the real: from the shipping news on the radio, the harsh specifity of a parental quarrel, the exact film playing in the exact year at the exact neighbourhood cinema.

In *The Neon Bible* we are in Wacky County, USA. Everything is sad, stricken and liturgically beautiful; nothing is real. Little is even explained. Mom (Diana Scarwid) is a troubled soul who weeps, gives deranged stares and sings a version of "Too-ra-loo-ra-lay" that is nearly paraplegic with grief. Pop (Dennis Leary) is a farmer who has a couple of lines about potatoes before leaving to die in the war. And the boy hero (Jacob Tierney) grows up before our eyes – literally, since his body elongates as he stands on a starlit porch, courtesy of a dazzling "morphing" shot – without ever seeming more than a generic mouthpiece for childhood elegy.

Then there is Aunt Mae (Gena Rowlands). This glamorous, semi-retired chanteuse becomes the boy's unofficial mother, since his real one is too busy acting out her private five-act tragedy. Mae sports a red dress and husky voice and knocks people dead with her rendition of "How long has this been going on?". She seems the answer to a gay fantasist's foster-mother dreams.

Unfortunately she seems little else. Like almost everything in the movie she is a thing of signs and gestures, indicating a deracinated director who has encountered too many books or films in the Southern Preciosity mould.

Beneath the debris, *The Neon Bible* still leaves us convinced that Davies is some kind of genius. At best the entranced stylisations of his camerawork set out to isolate emotion as something discrete, almost ectoplasmic. It hangs in the air outside the characters even as they rummage for the inferior coinage of word or gesture.

In a night-time death scene, pine trees lap and claw at a window, as if bodying the unspoken grief and horror inside. Another passage – where a white sheet waving on a washing-line, to the inspiring strains of *Gone With The Wind*, turns into the Stars and Stripes as a school classroom parrots the oath of allegiance – is a perfect visual haiku about the ritualisation and regimentation of feeling.

What this imagination surely needs is a solid and believable launch-pad, preferably in home territory, from which to soar into its variations and improvisations. In *The Neon Bible* we feel that Spaceship Davies is trying to take off from a patch of quicksand, and someone else's quicksand at that.

Sam Peckinpah's *The Wild Bunch*, the last great western, is back in a restored "director's cut" even though the director died ten years ago. Explanation? Surviving colleagues coaxed back the missing ten minutes: including one battle scene and one vital flashback amplifying the relationship between the movie's adversarial anti-heroes, outlaw William Holden and bounty hunter Robert Ryan.

If you have never seen it, go. If you have seen it once, go again. If you have it seen ten times, go ten times more. A quarter century on, the once infamous shootouts – slow motion, exploding blood pellets – have mellowed into near orthodoxy. And we are left with a story bare of everything but the contours of tragedy. In widescreen landscapes bristling with heat and despair, a gang of violent bank robbers down Texas-Mexico way find a last, bloody way to redeem themselves.

As in *Straw Dogs* or *The Getaway*, Peckinpah's morality is as comfortable as a steel trap. Yet by the close we are all caught in the teeth of this story about loyalty, greed, hope, choice, salvation: set in an early-century west where as surely as the horse yields to the train and motor car, the savagery of outlaw ethics is giving way to the perfidious highways of corporate morality.

The images are like fragments of dream or nightmare. Ants and scorpions; faces bitten by wind and sun; Mexican villages dappled by trees and death. At the same time the dialogue has a simplicity raised to resonance by context and character. When Holden says "Let's go" – to his team of hoodlums ready to reach for their belated haloes – the words sound like the first, muted thunderclap of Judgment Day.

★

Elsewhere this week silliness reigns. The danger involved in combining human and Hollywood DNA is demonstrated in *Species*. Things fall apart, the centre cannot hold, and Ben Kingsley is loosed upon the world with an American accent.

Drawling as if to save his life, he runs the Utah laboratory from which the drop-dead blonde with the designer genes (human-extraterrestrial) escapes. At will she turns into a sticky Alien-style monster to wreak carnage. Can Kingsley's rapid action force catch and kill her? They include ex-Marine Michael Madsen, psychic Forest Whitaker and English anthropologist Alfred Molina, who looks very depressed, like Tony Hancock after wandering into the wrong sketch.

This is rubbish with moments; but not very many. Same for *The Net*, about another damsel on the run. By day Sandra Bullock is a computer whiz hired to search and destroy viruses. By night she is a compnter whiz hired to etc.

The poor girl does not get out much, despite being the most attractive brunette on her block. So she is the perfect target for having her identity erased by goverument-connected villains after she stumbles on a Deady Internet Secret. Director Irwin Winkler (*Guilty By Suspicion*) and three screenwriters chase her all over Mexico and Santa Monica, forcing her into cliché thriller locations: fairground with Ferris Wheel, street parade, bustling hotel convention. The inanities pile up. By the close most aensible filmgoers will have logged off, leaving a message on their outgoing e-mail: "Out to lunch".

Nightwatch is no less silly but more scary. If you have never volunteered for the night shift at a hospital morgue, here is your vicarious chance. Young Martin (Nikolaj Waldau) meets ghoulies, ghosties and things that rear up from sheeted slabs. He has a prankster friend, but is there a real psychopath at large too? The film is in Dutch with subtitles, though yon may not catch them all through your half-closed fingers.

Music in London

Berlioz's Romeo

With his "period" Orchestre Révolutionnaire et Romantique, his Monteverdi Choir and three first-class soloists, John Eliot Gardinar mounted Berlioz's "dramatic symphony" *Roméo et Juliette* on Sunday. The unusual venue was the Drury Lane Theatre, between performances of *Miss Saigon*. Gardiner thought it apter for fulfilling Berlioz's original performance-terms than the main London concert halls.

It was a faithfully imaginative performance, and it stuck close to the composer's prescriptions. Six harps – *six!* – were duly wheeled along the footlights and wheeled off again (though they were barely audible), and we got the requisite proliferation of cellos. The one thing lacking was a proper "shell" around and behind the onstage orchestra, which Berlioz rightly deemed essential for projecting their sound into a large opera-house. That left the orchestra sounding distant and cool in the great "Scène d'Amour", one of his moat completely realised, intimately affecting inspirations. It is the heart of the matter, and we rather missed it.

Otherwise everything worked. The elegant premonitory Prologues (the second in Oliver Knussen's orchestration); the haunted distances of the "Roméo seul" movement; the wistful, winding cortege for Juliette; the explosion of high, hectic strings for Roméo's last moments – Berlioz was guided by Garrick's version of the play, which lets the "lifeless" heroine wake just *before* her lover expires; and the final reconciliation of the warring families which is suddenly grand, old-fashioned opera-with-a-big-"O".

There Gilles Cachemaille gave us a more subtly detailed Friar Laurence than I have seen or heard in this music, and yet wielded the broad vocal authority to command the proceedings. The choruses played up to him perfectly. Earlier the Canadian mezzo Catherine Robbin sang meltingly in the first Prologue, and the tenor Jean-Paul Fouchécourt voiced Mercutio's "Queen Mab" *scherzetto* with bright precision. In short, all the elements were in place – and literally, physically, where Berlioz wanted them to be.

How much did that matter? It proved very effective for a concert-performance, but on recordings similar affects of balance and relative distances have often been achieved. Gardiner's period instruments sounded good, but not arrestingly different from their modern counterparts.

As it happens, this London season is replete with *Roméos*. Next week Sir Colin Davis is to conduct the modern, non-"authentic" London Symphony in it; and on St. Valentine's Day Roger Norrington – "period"-scrupulous to the last detail, often inspired – will offer his version with the London Philharmonic. Lovers of Berlioz should rejoice. *Roméo et Juliette* is a hybrid piece, but a great one; its lustre can only be enhanced, not exhausted, by combatively distinct readings.

David Murray

Vaughan Williams' unique vocal drama

Richard Hickox and the Bournemouth Symphony Orchestra's cycle of Ralph Vaughan Williams's nine symphonies achieved a sort of choral finale at Barbican Hall on Monday night – an event sponsored by the Financial Times Group and broadcast live on Radio 3 as part of its "Fairest Isle" British music celebration. As a welcome extra in a substantial programme comprising the ninth and second symphonies (works separated by more than 40 years), the *Serenade to Music* was given a rare outing in its original version for 16 solo voices and orchestra. Devised in tribute to Sir Henry Wood on the golden jubilee of his conducting career in 1938, it is a setting of lines spoken by Lorenzo to Jessica in *The Merchant of Venice*, musical lines evoking heavenly music and now "become the touches" of Vaughan Williams's "sweet harmcoy".

In this rapturous reading the soloists were of such calibre that their individual fees multiplied by 16 would certainly have broken the bank, but happily they waived them. It is, after all, a kind of honour to take a role in this unique vocal drama, each entry of which is marked in the score with the initials of ooe of the illustrious British singers (including Isobel Baillie, Eva Turner, Muriel Brunskill, Heddle Nash, Roy Henderson) who gave the premiere. On Monday one could try to assess the fitness of each entry to its latter-day exponent. Adrian Thompson certainly came into his own "Still quiring to the young-ey'd cherubins", his voluminous tenor exactly scaled to the hall. Janice Watson's top note on tha final word "harmony" was dauntingly exquisite.

After this honest balm the ninth symphony – dating from 1958 when the composer was 85 – was like a disturbed dream; a dream, we are to understand, of Thomas Hardy's Tess at Stonehenge. The "late manner" in Vaughan Williams's case is not so much a matter of ellipsis, though the four movements are admirably concise, as of a lurid heightening of colour. Unmisgiving use is made of a trio of saxophones; there is a big flughelhorn solo in the *Andante sostenuto* second movement; tuned percussion and side drum have plenty to say. More predictable are the echoes of Vaughan Williams's earlier music.

But this is less a retrospective symphony than a breaking of new ground; directly influential, I should say on the later Tippett. The BSO played it with wonderful sensitivity and power. It was perhaps a mistake to end the cycle on *A London Symphony* (1914) and thus with a (fourth) movement that shows Vaughan Williams at his more ponderous. But Hickox gave us a *Lento* of memorably hushed and floating English ecstasy and secured an almost Mendelssohnian lightness from the flute and violins in tha *Nocturne* scherzo. His VW cycle has been an altogether popular and impressive undertaking.

Paul Driver

Dance Umbrella/**Clement Crisp**

Paradigm and Private Collection

The Dance Umbrella, sheltering a host of movement-makers of many and varled ambitions, was opened on Tuesday night.

This year it shelters some distinguished creators: Merce Cunningham, Siobhan Davies, Richard Alston, Mark Baldwin and DV8 will show new work. (There will, of course, be vexatious others, whose proper setting is Broadmcor, though *DU allows them their* dreadful moment in the spotlight.)

The festivities began in schizophrenic and not untypical manner, with two soloists installed at the ICA, that prototype of an Albanian holiday camp. And, as a protest; why is it necessary for the audience at these evenings – and at The Place and *Riverside Studios* – to be kept herded outside the auditorium doors, as if waiting *for a wigging* from the Head, until one minnte before starting time? It is either incompetence or an insolent disregard for the punters, and is shocking bad manners on the part of the management.

The performance comprised two solos, each lasting less than half an hour. Or rather, Russell Maliphant's virtuoso *Paradigm ran its allotted time*; Dana Reitz's *Private Collection* lasted several months.

Miss Reitz is an American who seems trapped in the dear, dead days of 'sixties experiment, when earnest souls at Judson Church in New York re-invented dance. (Next year, the wheel.) She appears in a white trouser suit, and moves with more physical caution than seems warranted.

Most dancers work up a tremendous sweat in performance. Miss Reitz contrives to goad herself towards rigor mortis, as tiny twitches and flicks of the hand, little lunges and elfin gestures, bead her brow with goose-pimples. It is dull and dolorous stuff, taking place in a deathly hush. If a pin dropped, we should react as to a gun-shot. Time, like Miss Reitz, stands still.

Russell Maliphant is a fine dancer. A grand soloist with *the Royal Ballet, he has* during the last decade made a series of powerful appearances as performer and choreographer in post-modern style, notably in collaboration with Laurie Booth. He shares Booth's oiled muscularity and rippling sense of dynamics.

His own special gift is a style capable of huge fortissimos *and finely balanced diminuendos*. The image is of intense energy, absolutely controlled, and *Paradigm* shows him on what I suppose is a spiritual journey, torn and driven by a sound-track made by Titch English (more blatant than Maliphant's movement).

The continuing fascination of the piece is the range of Maliphant's dynamics – surging into a movement and releasing himself from it with dazzling resource, and taking us with him on this intriguing voyage of self-discovery and self-realisation. The language is rich, resonant, vivid. Worth filming.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

GALLERIES
Stedelijk Tel: (020) 573 2911
● Christiaan Bastiaans: *giant video installation*; from Oct 14 to Nov 26
OPERA/BALLET
Het Muziektheater Tel: (020) 551 8922
● Moses and Aaron: by Schoenberg. A *new production* directed by Peter Stein and conducted by Pierre Boulez. Soloists include *David Pittman-Jennings* as Moses and Chris Merritt as Aaron; 8pm; Oct 12, 15 (1.30pm), 17, 20

■ BALTIMORE

CONCERTS
Symphony Hall Tel: (410) 783 8000
● Baltimore Symphony Orchestra: with soprano *Janice Chandler*. Christopher Seaman conducts Bach, Villa-Lobos, R. Strauss and Schumann; 8pm; Oct 13, 14, 15 (3pm)
● Baltimore Symphony Orchestra: with soprano Harolyn Blackwell, mezzo-soprano Delores Ziegler and tenor Karl Dent. Robert Shaw conducts Barber and Mozart; *8.15pm; Oct 19, 20, 21*
GALLERIES
Baltimore Museum Tel: (410) 396 6310
● Parallels and Precedents: 19th century French art from the George A. Lucas Collection. The exhibition highlights tha parallels between the Lucas Collection and permanent collections in the BMA and the Walters Art Gallery with more than 100 pieces by artists such as Monet, Matisse and Pissaro; to Oct 15

■ BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 34384-01
● Götterdämmerung: By Wagner. Conducted by Jiří Kout and directed by Götz Friedrich, this performance concludes the complete cycle; 5pm; Oct 15
● Madama Butterfly: by Puccini. Conductor Sebastian Lang-Lessing, production by Pier Luigi Samaritani; 7.30pm; Oct 13, 21
● Siegfried: by Wagner. Conducted by Jiří Kout and directed by Götz Friedrich; 5.30pm; Oct 12

■ LONDON

CONCERTS
Queen Elizabeth Hall Tel: (0171) 928 8800
● The Chinese New Tide: with soprano Judith Mok and baritone Shi Kelong. Tan Dun conducts a programme of first generation Chinese composers such as Qu Xiaosong and Chen Qigang; 7.45pm; Oct 22
Royal Festival Hall Tel: (0171) 928 8800
● Philharmonia Orchestra: Christoph von Dohnányi conducts *Richard Rodney Bennett and Mahler*; 7.30pm; Oct 19
● The London Philharmonic: with soprano Rosalind Plowright and the London Philharmonic Choir. Roger Norrington conducts Beethoven, Gluck, Weber, Berlioz and Spontini; 7.30pm; Oct 15
● The London Philharmonic: Roger Norrington conducts an all-Berlioz programme; 7.30pm; *Oct 18*
GALLERIES
Photographers Gallery Tel: (0171) 831 1772
● Appeal to this Age: photographs of the American Civil Rights Movement by artists such as Gordon Parks and James Karales; to Oct 14
OPERA/BALLET
Royal Opera House Tel: (0171) 304 4000
● The Marriage of Figaro: by Mozart. Conducted by Bernard Haitink/David Syrus and directed by Patrick Young. Soloists include Felicity Lott/Cheryl Studer, Andrea Rost/Barbara Bonney and Robin Leggate/Ryland Davies; 7pm; Oct 13, 16, 18
● Tosca: by Puccini. Conducted by Simone Young and directed by Jeremy Sutcliffe. Soloists include Galina Gorchakova, Johan Bohta and Francis Egerton; 7.30pm; Oct 12, 17, 20

■ LOS ANGELES

GALLERIES
Museum of Contemporary Art Tel: (213) 626 6222
● 1965-1975, Reconsidering tha Object of Art: exploration into the development of contemporary art between 1965-75 and how the artistic community began to *re-examine form, function and* meaning; from Oct 15 to Feb 4
● Division of Labour, Women's Work in Contemporary Art: paintings by male and female artists are used to explore issues of gender in artmaking; to Jan 7

■ MUNICH

GALLERIES
Haus der Kunst
● Impressionist Masterpieces: from the Barnes Collection. Artists include Matisse, Picasso, Van Gogh and Gaugin; to Oct 22

■ NEW YORK

CONCERTS
Alice Tully Hall Tel: (212) 875 5050
● Lincoln Center Jazz Orchestra: Wynton Marsalis conducts a programme that includes Ellington, Monk and Mingus; 8pm; Oct 16
Carnegie Hall Tel: (212) 247 7800
● New Orleans to Now: with the Carnegie Hall Jazz Band, this concert gives an overview of the history of jazz from early New Orleans through the swing years of bebop; 8pm; Oct 12
● The Met Orchestra: with bass baritona Bryn Terfel. James Levine conducts Mahler's "Kindertoten lieder" and "Symphony No.6"; 3pm; Oct 15
GALLERIES
Museum of Modern Art Tel: (212) 708 9480
● Annette Messager: retrospective of the French artist consisting of books, photographs and installations that demonstrate how all things can represent objects of expression; from Oct 12 to Jan 16
Whitney Museum
● *Edward Hopper: impact on* American art by the artist through 65 works; to Oct 15

■ PARIS

CONCERTS
Champs Elysées Tel: (1) 49 52 50 50
● José van Dam: bass baritone *accompanied by pianist Maciej* Pikulski plays Schubert's "Le Voyage d'Hiver"; 8.30pm; Oct 14
● National Orchestra of France: with bass baritone José van Dam. Serge Baudo conducts Berlioz, Delibes, Massenet and Wagner; 8.30pm; Oct 17
● National Orchestra of France: with pianist Andreas Haefliger. Claus-Peter Flor conducts Mozart and Bruckner; 8pm; Oct 21

■ WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● BBC Symphony Orchestra: with violinist Nadja Salemo-Sonnenberg. Andrew Davis conducts Delius, Glazunov, Carter and Bartók; 2pm; Oct 22
● National Symphony Orchestra: with pianist Horacio Gutiérrez. Raymond Leppard conducts Brahms' "Tragic Overture" and "Piano Concerto No.1" and Schubert's "Symphony No.4"; 7.30pm; Oct 12, 13, 14
● National Symphony Orchestra: with pianist James Tocco. George Manahan conducts Debussy's "Iberia", Stravinsky's "Concerto for Piano and Wind Instruments" and Rachmaninov's "Symphonic Dances"; 8.30pm; Oct 19, 20, 21
● *Washington Chamber Symphony*: Stephen Simon conducts Vivaldi, Argento and Haydn; 7.30pm; Oct 13, 14
GALLERIES
Hirschhorn Museum Tel: (202) 357 2700
● Directions-Martin Kippenberger: works on paper. Approximately 50 *satirical drawings on hotel stationary* by the german artist along with some of his collages and drawings *on paper*; to Oct 22
National Gallery Tel: (202) 737 4215
● A Great Heritage: Renaissance *and Baroque drawings from* Chatsworth consisting of 105 works by artists such as Rembrandt, van Dyck and Raphael; to Dec 31
OPERA/BALLET
Kennedy Center Tel: (202) 467 4600
● Suzanne Farrel Staged Balanchine: an evening of George Balanchine choreographed pieces performed by the Washington Ballet. *The programme includes* "Chaconne", "Slaughter on 10th Avenue" and "Tzigane"; 8pm; Oct 17, 18, 19, 20, 21, 22 (2pm)
THEATRE
Arena Stage Tel: (202) 488 3300
● The Plough and the Stars: by Sean O'Casey. Tragicomedy of urban warfare during the Easter Rebellion against the British. Directed by Kyle Donnelly; to Oct 15
Shakespeare Tel: (202) 393 2700
● Macbeth: by William Shakespeare, directed by Joe Dowling. Cast includes Stacy Keach; 7.30pm; to Oct 21

WORLD SERVICE
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV
(Central European Time)
MONDAY TO FRIDAY

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FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 14.00 of European business and the financial markets

17.30
Financial Times Business Tonight

Midnight
Financial Times Business Tonight

Motivation behind a silent Italian gnome

BOOK REVIEW

An Italian television reporter tried to interview Enrico Cuccia in a Milan street a few weeks ago. The 87-year-old banker did not even lift his head to look at his inquisitor, but continued his slow daily shuffle towards Mediobanca, the merchant bank he founded nearly 50 years ago.

In an age when popes and kings have submitted to reporters' questions, the Sicilian-born Cuccia remains a silent celebrity. Giancarlo Galli, a financial journalist, admits in the preface to *Il Padrone dei Padroni* ("The Boss of the Bosses") that it was prepared "without even the slightest co-operation" from its subject.

He dedicates the book to Cuccia anyway, but it will disappoint any reader who expects a biography. We probably learn more in two paragraphs about Cuccia's mentor and friend André Meyer of Lazard Frères (the banker who famously posed the rhetorical question "Why be unpleasant when, with a minimum of effort, one can be obnoxious?") than we learn about Cuccia in the whole book.

But Galli is attempting a different exercise: a history of post-war Italian capitalism through the prism of Mediobanca. It was founded in 1946 by three state-owned banks to offer medium-term finance and to form "a direct link between the investment community and the financing needs involved in rebuilding Italian industry". As Galli makes clear, this was merely the outline recipe for a rich potion of influence, opportunism and economic vision, brilliantly stirred together by Cuccia himself.

The timing of publication could not be better. Cuccia and Mediobanca are again besieged by controversy over their plan to merge Gemina, the investment company controlled by the merchant bank and its corporate allies, and Ferruzzi Finanziaria (Ferfin), the holding company which controls the Montedison industrial group. At the same time, Mediobanca is leading the underwriting of a record rights issue aimed at reviving Olivetti, the lossmaking computer group.

IL PADRONE DEI PADRONI
Enrico Cuccia, il potere di Mediobanca, e il capitalismo italiano
By Giancarlo Galli
Garzanti, L27,000
272 pages

The Gemina-Ferfin merger is the latest episode in a long and tangled history of Mediobanca involvement with Montedison, dating back to Cuccia's patronage of the merger between Montecatini, the chemicals group, and Edison, the energy and chemicals company, in the early 1960s.

Today, supporters of Mediobanca sound aggrieved when the bank is criticised for the latest attempt to restructure Montedison and Ferfin. They point out that it was Mediobanca which "rescued" the two companies when corruption and alleged mismanagement brought them close to collapse in 1993, by masterminding a financial restructuring which allowed creditor banks to swap debt for equity and kept the conglomerate intact.

But Galli reminds us that Mediobanca was for years the pilot guiding Montedison. "[Montedison] has tortured Enrico Cuccia for more than 30 years. He ... was midwife to the omnivorous monster [which] gobbled up billions from savers and banks, as well as legions of managers and dynasties, without ever achieving the goal of ... a decent seat at the international high table of chemicals and agribusiness". This latest merger plan, he suggests, bears witness to Cuccia's desire to finish the job begun in the 1960s.

Cuccia does not need to dedicate his old age to this. He officially retired as managing director in 1982 and became "honorary chairman" in 1988. Mediobanca is staffed by skilled bankers, one-and-a-half generations younger. Why does "lo gnomo" – the gnome, as Galli calls him – go on?

Money is not the issue. Galli underlines Cuccia's distaste for the self-enrichment of corrupt entrepreneurs and politicians in the 1980s. The book refers to his tax return for 1992, showing gross income of L672m ($418,000), L524m of it from Mediobanca – a comparatively modest sum for a top financier.

Instead, he attributes to Cuccia, a devout Catholic, a more abstract sense of mission, developed during the war, when the young banker was an active member of the anti-fascist Partito d'azione, and fleshed out in discussions with Meyer of Lazard Frères. Galli says that even before the foundation of Mediobanca, the two men wanted to "re-establish "the supremacy of capitalism" through finance, at a moment when it seemed threatened ... by communism".

Il Padrone dei Padroni is a chronicle of the single-minded way in which Cuccia went about establishing that supremacy, resisting the influence of the state, which ostensibly controlled Mediobanca until 1988, keeping the capitalist flame alight during years of terrorism and corruption, and turning recent privatisation issues to its own advantage.

Galli avoids a definitive judgment on the success of Cuccia's mission and on the man himself, although he raises an eyebrow at what he calls his "strange ethics", which have seen him put under judicial investigation more than once. He also quotes at length the criticism of his former friend and colleague, Carlo Bombieri, that Cuccia has introduced into Italian business "an exclusively financial mentality" in which "all that counts is financial engineering".

Finally, the book only touches on what may lie ahead for Mediobanca. Galli speculates that Mediobanca could realise Cuccia and Meyer's long-term international ambitions by effecting a merger with Lazard. But as international distaste of the Gemina-Ferfin plan shows, tolerance of Mediobanca's manoeuvres has worn thin in the past decade of liberalisation and increased global competition. At least one US fund manager has indicated its unwillingness to invest where Mediobanca is involved. Such criticism will not worry Cuccia himself, but it should worry his heirs.

Andrew Hill

ECONOMIC VIEWPOINT

Kenneth Clarke's £3bn tax puzzle

By Samuel Brittan

The British tax burden has increased, is increasing and ought to be diminished – but not by means of the spurious £3bn of annual tax reliefs which the chancellor might be able to scrape out of his barrel in his November 28 Budget. There was a severe phased increase in the tax take as a result of the two Budgets of 1993; and this may explain more about the anger of Tory and former Tory voters than any amount of high-falutin' talk about leadership or governments fostering selfishness.

From now on the tax vice will tighten more slowly, but tighten nonetheless. The projections in the last Budget Red Book showed tax and other receipts rising from 36 per cent of gross domestic product in 1993 to 40 per cent by the late 1990s – about £30bn per annum at current values. Any reliefs in the coming Budget will be trifling in comparison.

The best preliminary assessment of Budget prospects comes as usual from the *Green Budget: Options for 1996*, prepared by the Institute for Fiscal Studies in collaboration with Goldman Sachs.

The Green Budget projections illustrate a paradox. The first table shows the outlook for the public sector borrowing requirement – simply the name of the Treasury's preferred definition of the budget deficit. It shows that the PSBR is much higher under what is called the "inflation control" projection than on the baseline of current policies. For Goldman Sachs, like the Bank of England and many other forecasters, expects underlying inflation to stay a little above the official 2½ per cent target on the basis of present policies.

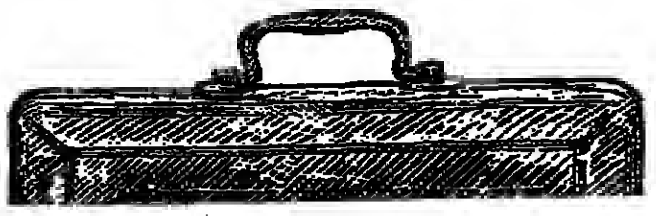
The standard way of trying to bring down inflation involves, alas, recession or at least slow growth, which in turn reduces tax revenue and increases discretionary spending on items such as benefits. Thus if the chancellor were determined to get inflation down to 2½ per cent within two years, the PSBR would be several billion pounds higher for the remainder of the 1990s.

This same paradox turned up frequently in Bernard Connolly's recent critical study of European exchange rate politics, *The Rotten Heart of Europe* (Faber). Countries trying to keep their exchange rates close to the D-Mark have often had to raise interest rates, which has slowed down domestic growth and made the Maastricht criteria for deficit reduction more difficult to achieve. Thus they are damned if they raise interest rates, and damned if they don't.

What the British situation shows is that the dilemma is not only a matter of exchange rate systems. Whenever a government wants to reduce inflation, there is a conflict between anti-inflationary virtue and fiscal virtue. Finance ministries are never likely to be sufficiently successful in getting people to avert their gaze from the actual to the structural deficit (which abstracts from the business cycle) to prevent this dilemma from causing trouble.

The second table shows that on unchanged policies the PSBR will fall rapidly over the next few years, although from a higher starting point than the chancellor had hoped in 1994. Present strategy is based on the goal of a balanced budget, which the institute believes to be over-ambitious. Two alternative criteria are set out. One is to have a PSBR low enough to stabilise the public-sector debt ratio; the other is to have a deficit no higher than that covered by public-sector capital formation (the so-called golden rule). Both criteria suggest a PSBR ceiling of 2½ per cent of trend GDP – that is, what GDP would be if the economy were working without any gap between actual production and sustainable output. This leads the authors to suggest that Mr Clarke may have gone too far in committing the government to stringency in the public finances.

The argument ignores the impressive case for a structural Budget surplus. This will be necessary if future governments are to have the wherewithal to provide a capital endowment – or merely finance a minimum income guarantee – for those at the bottom end of the labour market. And in more conventional terms, a budget surplus would probably increase the national savings ratio – although not fully in proportion – and at the same time tend to "improve" the current balance of payments.



UK PSBR projections

	1995-96	96-97	97-98	98-99	99-2000
Baseline					
PSBR (£bn)	26.5	16.1	8.4	2.5	-7.2
PSBR (% of GDP)	3.7	2.1	1.0	0.3	-0.8
Inflation control					
PSBR (£bn)	26.6	19.2	13.8	9.9	2.7
PSBR (% of GDP)	3.7	2.8	1.8	1.2	0.3

Alternative PSBR plans

£bn	PSBR on unchanged policy	Targets in 1994 Budget	2.5% of trend GDP
1995-96	27	21.5	18
1996-97	16	13.0	19
1997-98	8	5.0	20
1998-99	3	-1.0	21

Source: IFS, Goldman Sachs

In practice the Green Budget simulations do not depend on any departure from present fiscal objectives one way or the other. The authors believe that the chancellor will obtain some £3bn for personal tax relief from some mixture of public-spending economies and low-visibility minor tax increases here and there.

They have no great hopes of savings in the main public-sector programmes for social security, health and education. They have taken present institutional structures for granted and not investigated the far-reaching proposals for returning decisions in these areas to the citizen put forward by the former Labor New Zealand finance minister, Sir Roger Douglas, or Frank Field, the UK Labour MP.

One assumption made by the institute is that the chancellor will play games with the contingency allowance. This is normally fixed at a fairly large sum for several years ahead and is gradually allocated among programmes as the years roll forward. It stands at £9bn for 1997-98, but only at £3bn for 1995-96. Money could in principle be saved by eliminating the reserve next year, thus telling departments that, even in an emergency, they could only have extra cash at the expense of each other. The net result could on paper look like a freeze, or even a slight cut in public spending in real terms, which has not been achieved since 1988-89.

On specific taxes, the institute has one very good point and one very bad one. The good one is the half-baked nature of a windfall tax on utilities. Such a tax would not affect shareholders who had already gained from monopoly profits, but had sold out in time. Moreover it would be a very bad substitute for regulatory reform itself and some of the levy could ultimately fall on consumers.

The bad idea is to eliminate tax relief for profit-related pay. This was introduced in the 1988 Budget and had hardly got going during the last recession. The rate of take-up has since much increased; and the economic test will come in the next profits downturn. We will then see whether a reduction in remuneration arising automatically from profit-related pay might partly take the place of the employment reductions which are the normal knee-jerk reaction of too many businesses in times of difficulty. It would be typical of the British official class to withdraw an innovation before it had been really tested.

On the possible "cuts" in mainstream personal taxes, the institute examines possible packages. The most superficially tempting would be to use all the available sums for a 2p cut in the basic rate of income tax. But not only would the benefits go disproportionately to the better off, it would also be throwing away more fundamental opportunities.

The Green Budget authors examine an ingenious scheme for cutting tax allowances to finance a big widening of the lower 20p band so that more people paid tax at this rate than at 25p. The chancellor could then declare that 20p was now *the* basic rate of tax and this long sought-after Tory goal had been achieved in one Budget.

But widening the lower rate band would be a spurious "social" gesture, as it would only help those who already pay tax at the 25p rate. Undoubtedly the best way to help the least well off would be not be to cut, but to increase personal allowances, thus raising the tax threshold and taking many earners out of tax altogether.

It might then make sense to combine this with an increase in the *higher rate* 40p tax threshold. As a result of the failure to index it, some 2.2m taxpayers now pay this higher rate (compared with less than 700,000 in 1979) and it has now become a middle-class tax. The appeal of a higher threshold is that it would make much bigger difference to marginal tax rates for a key group than any, inevitably much smaller, headline reduction in the basic rate.

In view of what was said earlier on, such a reform would redistribute rather than reduce the total tax burden; and it would be neither a Tory nor a Labour Budget – which is why I have not many hopes that it will occur.

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Immigration debate in US is deflecting from real problems

From Mr Arthur C. Helton.

Sir, Jurek Martin's article on the immigration debate in the US ("Rejected by Statue of Liberty", October 7/8) depicts a policy dilemma that has become badly politicised. In truth, the US immigration experience has been both enobling as well as painful. Successful assimilation and heightened productivity have been accompanied at times by social tension and even displacement of US workers in specific circumstances. A full cost and benefit analysis is elusive. Yet the immigration tradition has become so deeply embedded in the tissue of the American national identity as to counsel against curtailment of significant levels of admissions.

However, politics have become paramount. The immigration debate has become an overheated argument that has recently permeated the mass media. Immigration reform is an inexpensive substitute for difficult policy prescriptions concerning the economy, trade, health care, welfare, education or the criminal justice system. So politicians on all sides will continue to find the immigration debate attractive, and the issue is likely to remain a national political question at least until the presidential election next year. Hopefully, the extreme rhetoric will then subside, enabling more thoughtful reform.

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UN decline means more nationalism

From Mr Anthony Harrigan.

Sir, Joe Rogaly ("Back to nationalism", September 30) accurately describes the UN as a dying creature. From the start, the founders did not understand what lay ahead. They failed to envisage the protracted conflict between the western nations and the former Soviet Union.

They also failed to grasp the explosion of new states and the absurdity of giving everyone the same weight as leading powers.

Undoubtedly, it is too late to deconstruct the UN. It will simply fall apart, as indeed it is doing now. That is simply the way of the world. No one cries for the disappearance of the Holy Roman Empire. Nationalism is another fact of life. It will intensify in the 21st century.

China is embarked on a massive military build up. Japan, increasingly, through its economic power holds the US in thrall.

Indeed, it is unfortunate that the Atlantic nations are not more nationalistic, more determined to defend their nation's interests and identities in the face of third world pressures.

The survival of western civilisation depends on fresh manifestations of will by the western countries and the strongest defence of Eurocentric values.

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UK minister has a poor recall of history

From Mr Fergus Randolph.

Sir, Your report on the Conservative party conference ("Anti-Brussels speech wins loud applause", October 11) cites Mr Michael Portillo, the UK defence secretary, as saying that Britain was blessed with troops willing to give their lives "for Britain, not for Brussels". Mr Portillo has clearly forgotten 20th century history. Britain went to war in 1914 for Belgium and in 1939 for Poland. Those were the days when Britain put what it regarded as the general good first before purely selfish party political interests.

While no doubt cheap applause can be gained from knee-jerk nationalism, Mr Portillo should remember that the main reason why he and his generation have not had to risk spilling their blood on some continental European field is precisely because of the existence of what is now known as the European Union.

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A riddle for the UK transport minister

From Mrs H.B. de Febrer.

Sir, Perhaps Mr Steven Norris ("The transport minister takes the bus, train and tube", October 7/8) can solve the riddle that puzzles me every time I'm in London. Nobody else has been able to.

While, *per se*, I fully share the minister's enthusiasm for London buses, the "fizzing" is much dampened whenever I have to queue for more than half an hour at – say – Green Park to take the No 14 to Fulham. This, the stranger to London will observe, can happen anywhere, due to heavy traffic. Yes, but – lo and behold – directly behind my bus arrives a second, third, even fourth No 14. Unfortunately you cannot bet on it. Therefore like everyone else I scramble on to the first, while the other buses follow in convoy (empty) or start a race, overtaking each other. This bizarre phenomenon does not appear to occur in the opposite direction, since from Fulham the buses tend to arrive at regular intervals and one by one. However, also on different routes, buses will chase each other about town; the first will be packed, while the rest have one passenger - the conductor. Do the drivers have tea somewhere and a nice chat, whereafter they all leave together?

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Depressing reluctance by IMF to produce solution to Africa debts

From Ms Ann Pettifor.

Sir, George Graham suggests that there are differences between the World Bank and International Monetary Fund over the number of countries which face unsustainable debt burdens ("World Bank pressed on debt burden", October 10).

On the contrary. The IMF's latest *World Economic Outlook* makes clear that Fund analysts share the Bank's pessimism about the unsustainability of the debt overhang for many countries in sub-Saharan Africa.

On page 44 of the latest *World Economic Outlook*, the IMF states that "for most of the region, the debt burden remains extremely high [with] levels that exceed 400 per cent of export earnings. Few countries appear to have any realistic scope for servicing debt burdens of such a magnitude".

Given this public recognition of the intolerable debt overhang facing countries in Africa, we find it depressing that the IMF has been reluctant to come forward with solutions. We still await a response to the call by leaders of the Group of Seven countries in Halifax, for "new mechanisms" to be developed for a "comprehensive approach" to debt owed to the multilaterals. This is not an academic issue for millions of Africans in countries where debt repayments take precedence over expenditure on, for example, water or health. For many it is a matter of life or death.

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Wolfensohn's IDA crisis

Mr James (Jim) Wolfensohn has been president of the World Bank for four months. But his speech at the annual meetings of the Bank and the International Monetary Fund still dealt only in generalities. This determination to learn before reaching decisions is quite *sensible*, provided he does not delay too long. But the world is not inclined to wait upon his convenience. Mr Wolfensohn must already deal with the determination of the US Congress to slash its contribution to the International Development Association, the World Bank Group's arm for concessional lending.

The donor contribution to the 10th IDA replenishment, covering 1993-96, was set at SDR 13bn (£12.3bn), of which the US share was SDR 2.71bn (US$3.75bn or $1.25bn a year). The administration has requested $1.39bn for the 1996 fiscal year. But the House of Representatives has agreed a mere $575m and the Senate only $775m. Either way, the US would be in default on its commitments. Under the burden-sharing arrangement with other donors, IDA resources for this year could be halved.

Furthermore, the discussion of the 11th replenishment needs to be completed quite soon if it is to begin in July 1996. The donors are being asked to contribute SDR 9bn, with the US share set at about $2.75bn. Yet even this amount, albeit substantially smaller than for the 10th replenishment, is much more than Congress seem likely to accept.

A solution for the 10th replenishment would be for the US to pay its obligations in arrears, as has happened before. But this could not work for the 11th, unless the US were prepared to make the initial commitment. One way out would be to create a special fund, as happened in 1984, to which other donors would contribute. But all such makeshift arrangements are grossly unsatisfactory. What makes congressional reluctance particularly irritating is the largesse to Israel and Egypt, which receive some $5bn a year between them.

First and foremost, the issue is one of US willingness to meet its international obligations. But there is also a question about how to use scarce IDA funds. That question would become far more salient if they were drastically cut. These scarce funds should no longer go to countries that are, or could easily become, creditworthy for commercial borrowing, such as China or India. They should also not go to poor countries with dreadful records of mismanagement, corruption or worse.

Mr Wolfensohn is right to demand a sustained flow of concessional assistance. But IDA funds must be used to jump-start the economies of those countries that are not merely poor and uncreditworthy, but are making a serious effort to escape from these conditions. This is what the World Bank is trying to ensure. It needs to demonstrate success if it is to increase its chances of securing the flows it seeks.

Italian capitalism

The investigation by Milan magistrates of executives at Gemina, the quoted Italian investment company, could hardly be more awkwardly timed for the powerful business dynasties which comprise its main shareholders. The affair inevitably casts doubts on their plans to use Gemina as the main vehicle for a large and controversial merger of Ferruzzi-Montedison and Fiat's chemical interests. But the incident also prompts broader concerns, which go well beyond the fate of this particular deal.

The magistrates have divulged little about their inquiries, beyond the fact that they focus on alleged falsification of accounts. Nor have Gemina's public statements served the interests of clarity. It is therefore impossible to know the exact nature of the suspected offences, still less whether any have actually been committed. But this murkiness about the facts is in many ways the most disturbing aspect of the situation.

As the head of the Milan stock exchange acknowledged this week, the affair poses a threat to confidence in Italy's capital markets. Transparency and reliable information are the lifeblood of efficient financial markets. The risk is that this incident will be taken, by international investors in particular, as further evidence that Italy is still falling short of acceptable standards.

Its stock exchange authorities have, admittedly, gone some way to modernise trading systems. The problem, however, lies in the basis on which dealing is done. Scarce institutional liquidity and weak regulation have left trading dominated by a few big industrial groups, with little incentive to press for greater openness.

Opacity is further encouraged by "cascade" ownership structures, which have led to large swathes of Italy's corporate sector being controlled through minority holdings. The Byzantine nature of the planned Ferruzzi-Montedison deal is one symptom of this system, which discriminates against other shareholders and must also provide a constant temptation to insider trading.

These weaknesses have prevented Italy's stock exchanges from developing fully what should be their primary function, raising capital. Until now, that has been a manageable problem. However, the balance has been changed by Italy's ambitious programme of privatisations. If it is to succeed, it will need increasingly to rely on support from global investors.

The Gemina affair hardly seems the kind of advertisement likely to entice them. But it will have served a useful purpose if it helps to hasten greater capital market transparency. Even if backed by greater political will, reforms on the scale needed will take time. In the meantime, the authorities could help to underpin confidence by ensuring, as a minimum, that all future privatisation offers are listed on the New York Stock Exchange and subjected to the full rigour of US domestic disclosure requirements.

Rail privatisation

The privatisation of British Rail is now most of the way down the track. Many thought it would not get this far, and there remains a small chance that an early election or a rail crisis could halt the process. Short of that, the announcement to the Tory conference yesterday that the sale of Railtrack, the company controlling the track and property assets of the rail network, will proceed by next April, puts in place the last big piece in the UK's most complicated privatisation yet.

By April some 40 per cent of rail services are likely to be operated by private companies. The companies responsible for providing rolling stock and maintaining the track are also likely to be in the private sector. If the sale of Railtrack succeeds, privatisation will be largely complete, although the question of subsidy levels and minimum service requirements will dog every government for the foreseeable future.

Controversy over the pros and cons of rail privatisation has reverberated across all three party conferences. Given that it is now set to happen, the debate ought to move on. Ministers need to make the best of the job they have taken in hand, while the opposition parties should reconsider the commitments they have made to renationalise the industry.

The starting point for both sides should be the needs of the passengers and freight carriers whom the railway exists to serve. This rules out any return to the status quo ante, which was chronically inefficient and could not in any event be recreated without massive, debilitating upheaval.

The opposition parties appear to accept this, which makes their renationalisation commitment bizarre as anything other than an electoral gimmick. In practice, it seems Labour will follow the Liberal Democrats and interpret "state control" as a majority stake in Railtrack. Mr Tony Blair would be foolish to pledge any more if he has any regard for his "tax and spend" reputation.

Given the degree of state regulatory oversight, which is open to modification by a future government, there is no reason why a state-owned Railtrack should be any more customer-friendly than a privatised one. Some in the opposition believe that the renationalisation commitment will halt the initial sale. It is highly unlikely to do so if only 51 per cent is offered for sale and Labour's commitment is only to repurchase a stake sufficient to get majority control. Then the scale of the buy-back would be tiny.

Any renationalisation commitment will create damaging uncertainty for Railtrack's management. But far more problematic is the future subsidy regime for the network, which will critically affect levels of passenger service and the security of the new private train operators. The cry for subsidies will not be reduced when the trains are privately operated - particularly if transport policy as a whole remains so heavily weighted against rail use.

Rich seam for foreign investors

Developing countries are taking steps to encourage international mining groups, says **Kenneth Gooding**

The world is opening up to mining companies as never before.

From Argentina to Zambia, governments that once treated mining groups with deep suspicion have started competing for their favours. Many have watered down or abolished the foreign ownership restrictions and sometimes punitive taxes that previously discouraged companies from exploring large parts of the globe.

Mining groups are also being invited to bid for state-owned mining assets as huge chunks of the industry are being returned to the private sector around the world.

"The mining industry is suddenly confronted with a wide arena of opportunities that have not been available for several decades," says Mr Bob Wilson, chief executive of London-based RTZ, the diversified mining group.

To exploit these opportunities more effectively, RTZ this week agreed a merger of operations and management with CRA, its 49 per cent-owned Australian associate. The deal will create, in effect, a single corporate entity with assets of £9bn and a combined market capitalisation of about £14bn.

Mr Wilson estimates that since the beginning of the 1990s as many as half the countries in the world have opened their doors to international mining companies and are actively encouraging them to invest. More than 70 countries have changed their mining laws to make themselves more attractive to foreign companies.

All of this is a big change from 20 years ago, when mining was an industry in which internationally operating companies had virtually ceased to exist after being unceremoniously booted out of one region after another.

This expulsion began in the 1950s and 1960s with a wave of nationalisation of mining operations, often as former colonies were granted their independence.

The trend was exacerbated in the 1970s when there was a wave of economic nationalism in two important mining countries, Australia and Canada. This made operating in these countries increasingly difficult for international groups.

By the end of that decade, the mining industry's structure consisted mainly of local companies, mining principally in their own countries, with each concentrating on one or two mineral products.

The present deregulation process started in Latin America in the mid-1980s. Virtually the whole of that region is now actively seeking investment from mining groups. Even Brazil is somewhat reluctantly joining the trend, with plans to privatise its national "flag bearer" CVRD, the world's biggest iron-ore producer, early next year. The Brazilian government hopes to raise more than $9bn from the deal.

These changed circumstances are already having an important impact on the structure of the global mining industry, which has generally enjoyed a prosperous period in the past two or three years, with metals and minerals prices buoyant.

For one thing, they have contributed to a quickening in the pace of consolidation since, for the most part, only big and wealthy companies can afford the assets on offer.

Mr Jerry Ellis, chief executive of BHP Minerals, the Australian group, says the mining industry in the 21st century is "likely to be dominated by a relatively small number of large companies that will be truly global in scope, and internationally staffed".

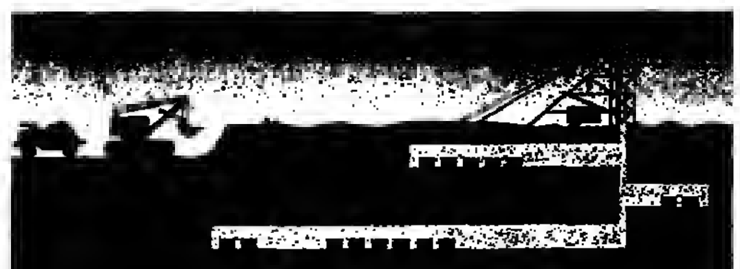
The wave of liberalisation sweeping the sector is also prompting groups to reconsider corporate structures more appropriate to the old days before the transformation in government attitudes. RTZ owned 82 per cent of CRA in the early 1960s, but the stake was subsequently reduced as Australia's wave of economic nationalism led to the enactment of laws that made it very difficult for non-domestic groups to retain more than 49 per cent of operations.

The easier availability of new assets has also encouraged some companies to spread their interests across a comparatively broad range of minerals, rather than focusing on one or two as was typical in the 1970s and 1980s. Companies which have done this include Australia's BHP and Normandy Poseidon as well as Gencor, the South African group.

Mr Wilson predicts that this process will not go too far, however, because North American investors prefer mining companies to concentrate on one metal.

Those investors give "pure" gold producers in particular much higher stock market ratings than base-metals groups and more broadly based mining companies.

Mr Wilson also forecasts that the vertically integrated structures of most aluminium and nickel companies make it likely that they will remain focused on one metal. Vertical integration means the same group has stakes in all stages of the production process from mine to finished product.



Top non-fuel miners in 1993 (ranked by value of minerals mined)

Rank	Company	Country	Share
1	Anglo American	South Africa	6.59
2	RTZ	UK	5.38
3	State of Brazil	Brazil	3.27
4	Broken Hill Proprietary	Australia	2.74
5	State of Chile	Chile	2.04
6	Gencor	South Africa	1.57
7	Freeport McMoRan	US	1.41
8	State of Morocco	Morocco	1.31
9	State of Malaysia	Malaysia	1.23
10	Imcera	US	1.21

Source: [illegible]

Big mining deals since June last year

- Barrick Gold takes over Lac Minerals for $1.6bn
- Gencor acquired Billiton from the Royal Dutch/Shell group for $1.1bn.
- Potash Corporation of Saskatchewan bought Texasgulf potash and soda ash from Elf Aquitaine for $810m
- Normandy Poseidon took over most of BRGM, the state-owned French group.
- RTZ acquired 11.9 per cent of Freeport Copper & Gold for $850m
- Alcoa and Western Mining merged their bauxite and alumina interests.
- Cyprus Amax acquired 51 per cent of the El Abra mine from Codelco, the state-owned Chilean group, for $330m.
- Magma Copper acquired the Tintaya mine from Centromin, the state-owned Peruvian group, for $272m.
- RTZ and CRA, Australian associate, to merge operations and management.

In many cases, it is not just the money countries can collect from selling companies and mineral deposits, and tha promise of tax and royalty dollars, that has encouraged them to open their doors to foreign investors.

In addition, mining operations often provide a way of opening up undeveloped regions. New mines require not only new roads, power and communications but sometimes new townships and accompanying medical, educational and shopping facilities.

Mr Fassine Fofana, Guinea's minister of mines and geology, says: "The mining sector will be the standard-bearer for foreign investment in this country. We are keen to attract international mining companies not only for the economic benefits they bring with them, but also as a means of developing Guinea's extremely limited infrastructure."

The west African country last month made big changes to its mining laws and introduced the concept of "one-stop shopping" for mining companies seeking information about prospects in the country.

From the other side of the fence, the opportunity to expand the geographical range of their operations has come at an opportune moment for many mining companies.

Says Mr Wilson of RTZ: "Some companies feel they have severe problems domestically with such things as permits and with indigenous communities. . . They are beginning to feel that things might be better outside their home bases." The first approaches ahead of this week's deal between RTZ and CRA were made by the Australian company, which wants to break out from its domestic base and become more international in scope.

Meanwhile, the privatisations push on at a rapid pace. Raw Materials Group, a Swedish consultancy that analyses the structure of the global mining industry, says its data show state ownership diminishing all around the world. Earlier threats of a new burst of nationalisation in countries such as South Africa, Namibia and Zimbabwe have come to nothing, it says.

If there is a factor that could slow the present dash by mining companies to invest in areas they had long considered virtually out of bounds, it is that some governments still need to understand, in Mr Wilson's words, that a decision to privatise their mining industries is not in itself enough to encourage investment.

Some African countries have done just enough to persuade a few mining companies to take tentative steps, he says, "but - with the exception of Namibia, Zimbabwe and, to some extent, Botswana - they are not offering enough for a bonanza".

The governments of developing countries are often wary of going too fast because many of their citizens still regard the disposal of natural resource assets to foreign companies as tantamount to "selling the family silver".

In Mr Wilson's view, the way international mining companies behave in future will determine whether this becomes a serious problem. The industry was partly responsible for the nationalisation moves in the past, he argues. In Chile, although the leftwing Allende government of the early 1970s nationalised the mining industry, it was with the support of all political parties.

Mr Wilson also warns that the internationalisation of the mining industry remains fraught with difficulties for companies and governments alike.

"Some companies are being naive about how easy it is to operate in someone else's back yard," he says. "We [at RTZ] see problems virtually everywhere."

Diane Summers charts Timberland's journey from small cult brand to multinational company

Boots for global trip

Timberland, the US-based boot and clothing company, has pulled off a double coup. Its rugged footwear and chunky sweatshirts are not only fashion items in more than 50 countries, they actually work in the great outdoors.

As the yellow leather boot, for which the brand is best known, celebrates its 21st birthday, the half family-owned, half publicly quoted business is having, for the first time, to think about global marketing. It has recently appointed its first worldwide marketing director and decided that all advertising should be done through a single agency: BBDO, part of the Omnicom group.

From next spring, when the new global advertising is likely to kick off, the agency will try to persuade urban dwellers and country types alike that they can enjoy the outdoor associations of the brand, even if they are hiking no further than the bus stop.

Timberland's path from what BBDO describes as a "garage brand" catering for enthusiasts to a global company has often been painful. Once the darling of Wall Street, Timberland has recently fallen from grace as it struggles to deal with its growth. The immediate task is to restore operating margins which last year fell to 6.8 per cent, from 9.6 per cent in 1993.

According to Mr Sidney Swartz, son of the company's founder Nathan Swartz, who now heads the company with his son Jeffrey: "We could have allowed the company to remain a small, cult brand. In some respects I wish we had. The brand took control of us, rather than us controlling the brand. We got romanced by the opportunities."

This year a conscious effort is being made to slow down, says Mr Jeffrey Swartz, the 35-year-old chief operating officer: "1995 is about remembering who we are and focusing on what we do best. This is the company that makes yellow boots."

The yellow boot has become the symbol of the company's fundamental values. With a near-religious fervour, Timberland's mission statement says: "The Timberland boot stands for much more than the finest waterproof leather. It represents our call to action. Pull on your boots and make a difference. With your boots and your beliefs, you will be able to interact responsibly and comfortably within the natural and social environments that all human beings share."

It is unlikely that the Swartzes originally thought in quite those terms as they struggled 30 years ago to perfect the injection-moulding technology that led to the first waterproof leather boot. Manufactured for workmen by the Abington Shoe Company, as it then was, the boot was launched on to the market in 1974 under the Timberland brand name. By 1978 the company's name was changed to Timberland, and the first foray overseas, to Italy, came in 1979. The production of hand-sewn casual shoes, boat shoes, hiking boots and clothing followed.

'1995 is about focusing on what we do best. This is the company that makes yellow boots'

By 1991, the company was trading on the New York Stock Exchange. Two years of rapid development followed, with sales shooting from $291m in 1992 to $638m last year. Mr Sidney Swartz admits that the pace was more than the company could bear. "We've had to go back and put new tyres on the car," he says.

Analysts were critical of price cutting to achieve growth; distribution systems broke down, leaving the company with stock on its hands at the same time as retailers were being left without the goods they knew they could sell.

As well as having to do battle on the business front, the company's ethics, in which it prides itself, also came under attack. In a badly handled US newspaper interview, Mr Jeffrey Swartz appeared to try to distance Timberland from its new young inner-city black customers. Around the same time, the company fell foul of animal rights activists who criticised its association with the Iditarod Trial, a race for dog-drawn sledges.

In spite of these difficulties, Timberland is acknowledged by community leaders to take its corporate responsibilities more seriously than most. The company appears to be genuine in its enthusiasm for supporting moves to combat racism and social action programmes.

This year Timberland is catching up with itself and the Swartzes may also be preoccupied with other matters. There have been rumours, for example, of an acquisition by Nike, the sports shoe and clothing manufacturer. Some observers say such a move would make eminent sense, since Nike's rival Reebok already owns Rockport, a brand which competes with Timberland in a number of areas.

While it is difficult to imagine Sidney and Jeffrey Swartz letting go, being taken over by Nike could be something of a relief. An American Express advertisement sums up their position. It shows the bemused-looking pair beside a caption that runs: "We're just an old-fashioned New Englandcompany that got glamorous by mistake".

OBSERVER

Jim sticks to the script

■ Jim Wolfensohn is a veteran of the annual World Bank/IMF meetings, in which thousands of commercial bankers converge on Washington's Sheraton Hotel to lobby the world's finance ministers. He even claims to have listened to the ministers' formal speeches when he first started attending in the 1960s. Devotion above and beyond the call of duty.

This time around, however, the annual meetings have by general consensus been Wolfensohn's show - his chance to show his stuff after four months as World Bank president.

The Australian-born investment banker has already made some changes. Yesterday, for example, the lion lay down with the lamb when he held a joint press conference - his third in as many days - with Oxfam and other non-governmental organisations, who have been among the World Bank's most persistent critics.

For his own setpiece speech to the full annual meeting Wolfensohn turned - for the first time - to a teleprompter. World Bank staff, who have got used to him tearing up the scripted speeches in favour of a few scribbled notes, were astonished to see him adhere word for word to his prepared text.

Wolfensohn says his preferred way of finding out what the World Bank should be doing is to wander into a village and have a beer. "But then there aren't a lot of bars in villages in Mali or Malawi," he said in an interview with Euromoney. Not a problem facing anyone at the Sheraton this week.

Anti-ceptic

■ Wilfried Thalwitz, who runs the World Bank's operations in eastern Europe and central Asia, is leaving next month to pursue his true love: wild mushrooms.

Some might argue that he already inhabits the perfect environment for the gestation of stale fungi, but Thalwitz is heading off to seek chanterelles beside Maryland's Deep Creek Lake, wild ginseng in West Virginia and boleti, his favourite, in the northern states.

Thalwitz's devotion to his subject is so great that he once talked the Association of Gay Priests of New York into helping him slice and string boleti for drying. He says he knows 300 varieties, "and I've never even had a bellyache."

Wild mushrooms are much more prized in Russia, where Thalwitz has been spending much of his time, but he won't touch them there: "There's too much caesium" as a result of the Chernobyl nuclear reactor disaster, he growls.

Thalwitz says he hasn't yet made up his mind whether he wants to make money in his retirement. But if he does, he thinks he knows where to make it - in the region he has been running for the World Bank.

Just like mushroom-hunting: concentrate on learning the 200 good varieties and don't waste time learning the 1,200 poisonous ones.

Porcelain politics

■ Is Chancellor Helmut Kohl's Christian Democratic party losing its environmental credentials? The opposition Greens in Karlsruhe city council clearly think so.

For they say the CDU will be breaking a council decision to ban non-recyclable plastic cups, cutlery and plates in public places when its holds its annual congress in the city next week. The CDU has, it seems, obtained an exemption from the rule for a fast-food concern that will be serving hungry delegates.

It is all rather embarrassing for the chancellor's party, which so heroically rallied opposition to Shell's plans to sink the Brent Spar oil platform in the Atlantic in June.

But then perhaps the CDU's environmental pretensions are in more general retreat. After all, the German government has been pretty quiet about French nuclear testing in the Pacific.

Gates flung wide

■ Not content with owning the code that makes the internal organs of your computer whirr, Bill Gates has just laid his hands on a mountain of the century's most famous visual images. Corbis, a private company controlled by the Microsoft founder and multi-billionaire, has just picked up one of the world's biggest photographic collections, the Bettmann Archive.

Among its 11.5m photographs and 4.5m assorted technical and other drawings are a wealth of well-known images, many of which were captured over the years by photographers for United Press International, whose picture library was acquired by Bettmann in 1990. The Bettmann Archive was founded by Otto Bettmann, who fled Germany before the second world war.

Corbis' aim is to digitalise the most famous of the images and pump them out over a telephone wire to any internet browser who happens to want them - at a fee. The company has already set about compressing London's National Gallery into digital form, and is negotiating to do the same to the Hermitage in St Petersburg.

Marching orders

■ The European Commission is putting up money for educational games on "prejudices and the scapegoat phenomenon". A reaction perhaps to UK defence secretary Michael Portillo's anti-Brussels diatribe in Blackpool? Sadly no. Unaccountably, the funds are going to schools in five regions in Russia.

Financial Times

100 years ago

Food for South Africa
Man does not live by gold alone. Amongst other things, he requires butter and cheese and milk and eggs, and the Transvaal Dairy Company proposes to supply these delicacies to the South African Republic. In the republic very stiff protective duties are imposed on imports of dairy produce. Butter is charged five shillings per 100lbs, cheese at the same rate, eggs at sixpence a dozen. The South African hen ought to be able to produce new-laid eggs for the cost of the duty alone. Under such circumstances there is a big field for the operations of the Transvaal Dairy Company.

50 years ago

Banking community fears
There is not the slightest doubt that the banking community in the City, despite a general impression that the existing set-up of the Government will not mean any playing fast and loose, is profoundly disturbed at the section of the Bill to nationalise the Bank of England which confers wide powers on the Government of the day which, if carried to its conclusion by a Chancellor who has lost his financial acumen, can only have power for evil.

FINANCIAL TIMES
Thursday October 12 1995

Franc recovers slightly but PM's popularity continues to fall

Juppé escapes charges over flat

By David Buchan in Paris

Mr Alain Juppé, the French prime minister, yesterday escaped legal charges over his Paris flat, but the city's prosecutor said ha had broken a law on conflict of interest.

He said he would "shelve" the case, on the condition that Mr Juppé provided written confirmation of his verbal promise last week to move out of his well-appointed flat in Paris' sixth arrondissement by the end of this year.

By deciding not to press charges, the prosecotor has spared Mr Juppé from having to resign as prime minister. On this news, the franc recovered some recent lost ground against the D-Mark, closing at 3.487 against 3.506 a day earlier, while French bonds and futures also gained.

But Mr Juppé is likely to emerge from the affair further weakened politically. After less than five months in office, his popularity rating in the opinion polls has sunk at near-record speed. He is engaged in an uphill struggle to persuada unions of the need for – and financial markets of the credibility of – his deficit-cutting measures.

Mr Bruno Cotte, the Paris prosecutor, said there was "sufficient" evidence to pursue Mr Juppé for "taking and maintaining an illegal interest" in awarding himself a city-owned flat in 1990, when he was deputy mayor of Paris in charge of the city's finances and of its "private" property.

The prosecutor also reprimanded the city authorities for their long-standing cronyism in renting expensiva city-owned appartments to local politicians and their friends.

Mr Cotte said he had written to Mr Jean Tiberi, who has succeeded President Jacques Chirac as mayor of Paris, telling him to remind all Paris councillors and officials that similar abuse would lay them open to prosecution for conflict of interest.

Mr Juppé was spared questions about the affair in the National Assembly and his office refused to comment on the prosecutor's conclusions and ruling.

A CSA opinion poll, published in yesterday's Le Parisien, gave Mr Juppé an approval rating of only 32 per cent, while 55 per cent said they disapproved of him.

Any change of prime minister is in the hands of Mr Chirac, who is himself faring only slightly better in opinion polls.

Of possible successors, Mr Jacques Toubon, justice ministar, has run into sharp public criticism for overruling, even trying to sack, the head of the justice ministry's anti-corruption unit, who claimed that Mr Juppé could be open to prosecution for cutting his own's son rent.

A government spokesman suggested yesterday that speculators were attempting to damage the franc to force the government to reduce its budget deficit.

"The markets, mainly British and US, wanted to stage a speculative run on the franc," the spokesman said.

"Well, the government does not want to sacrifice its public sector to meet the interests of foreign investors."

Lotus chief executive resigns

Continued from Page 1

industry and gave birth to the IBM PC," be said.

Mr Manzi, who as a consultant with McKinsey & Company helped develop the strategy for bringing Lotus 1-2-3 to market, joined the company as director of marketing in May 1983.

In 1986 be was named chief executive and chairman upon the retirement of Mr Mitch Kapor, Lotus' founder.

Known for his intellectual prowess, sharp wit and strong will, be has ruffled many feathers during his nine years at the head of Lotus.

In particular, be has been an outspoken critic of Microsoft, the industry leader, and he waged a bitter five-year legal battle with Borland International over copyright issues.

Mr Manzi added that the management of Lotus is now in the hands of Mr John Thompson, who is the IBM senior vice-president in charge of software products and strategies.

Simpson faces struggle to rebuild fortune after trial

By Christopher Parkes in Los Angeles

O. J. Simpson's chances of being able to rebuild the fortune drained by the costs of his successful defence against double murder charges have suffered a setback in tba face of controversy over the verdict.

Lawyers, jurors and assorted members of the supporting cast in the year-long conrtroom drama are preparing to cash in with memoirs, television appearances and lectures, but the main character bas been left on tbe sidelines.

International Creative Management, the second-biggest Hollywood talent agency, which represented Mr Simpson for much of his career and engineered his roles in films such as *Towering Inferno* and a series of car rental commercials, has dropped him.

Mr Jeff Berg, ICM chairman, wbo last week said his company would not profit from any activities related to the "tragedy", hardened his position this week. Under pressure from representatives of women's organisations, which have led the public anti-Simpson campaign, he said links with the former sports star were to be cut.

Popular reaction to the verdict, which has revealed still-deep racial divisions in the US, bas generated a groundswell of dissent – especially among white women – against anything wbich might be seen as tending to reward or even rehabilitate Mr Simpson.

Just bours before gning live last night on NBC, a leading television network, Mr Simpson cancelled what would have been his first post-trial interview. NBC earlier bad stressed tbat Mr Simpson would not be paid for the interview which was scheduled during tbe Dateline NBC news and current affairs programme. The network said Mr Simpson's lawyers had decided tbey could not accept the original terms of the agreement.

Even though a buge audience was assured, the broadcaster said it had not accepted advertisement bookings for the one-hour duration of the planned no-holds-barred questioning. Rates for commercials in otber segments of the tbree-bour show were reported to be only marginally higber than normal.

Without an agent to "sell" bim, Mr Simpson is likely to struggle to make headway with commercial ventures be was reported to have planned in the closing stages of bis trial. These included a second book, a pay-per-view television appearance and prodnct promotions.

However, Mr Christopher Darden, the black lawyer who drew anonymous death threats for bis dogged efforts as a senior prosecutor of Mr Simpson, has signed with a leading Hollywood agency to seek his fortune outside the courtroom. Mr Darden, wbo bad not been seen or beard of since bursting into tears at a post-trial press conference, bas become a protégé of the William Morris agency, joining his boss, lead prosecutor Ms Marcia Clark.

Bosnia troops again exploit truce delay

By Laura Silber in Belgrade, Paul Wood in Banja Luka and Bruce Clark in London

Croatian and Bosnian government forces made use of an extra day of fighting yesterday to capture one more town from the Serbs, as the United Nations made a third attempt to secure a ceasefire agreement after two last-minute failures.

UN officials expected a ceasefire to come into force early today, but the delays this week bave raised doubts about the durability of the truce, which the US sees as the starting point for talks on a peace agreement.

The two sides were bickering over details yesterday. The Bosnian government rejected tbe ceasefire late on Tuesday and counter-proposed a truce in 24 hours' time. The Serbs said they would reply at 7pm last night, but the government insisted they must reply at 4pm.

Exasperated, the US, which arranged the ceasefire, called yesterday for the two sides to lay down their arms as quickly as possible. It insisted gas and electricity supplies, the restoration of which was a precondition for the truce, had been switched on.

"We believe that it's high time that both the Bosnian government and the Bosnian Serbs move quickly, decisively and directly to a ceasefire," said Mr Nicholas Burns, State Department spokesman. "It appears to us that the gas and electricity have been restored throughout the city ... We don't believe there is any reason to wait any longer to implement this ceasefire, certainly not any military reasons," he said.

Sarajevo's darkest days recede .... Page 3

Bosnian government and Croatian forces used the extra time to take further territory. Relief workers said 40,000 Serbs were on the move after the fall of the north Bosnian towns of Mrkonjic Grad on Tuesday and Sanski Most yesterday.

In nearby Banja Luka, the main Serb stronghold in northern Bosnia, military officers said lines were being drawn to defend the town against 8,000 Croatian soldiers they believed to be in the region.

Meanwhile, Mr Kris Janowski, spokesman for the UN High Commissioner for Refugees, said he expected Serb authorities in Banja Luka to expel all 20,000 of the Moslems still living in and around the town.

About 6,000 Moslem victims of the latest wave of ethnic cleansing – overseen by the notorious Serb warlord Zeljko "Arkan" Raznjatovic – had arrived in government-held territory by yesterday morning. Refugees said the Serbs had separated the men and taken them away, raising fears for their fate.

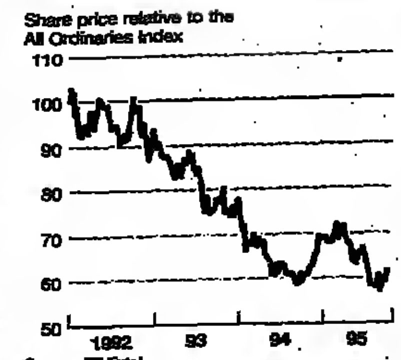
THE LEX COLUMN

Hot Coles

FT-SE Eurotrack 200: 1508.5 (+14.9)

Coles Myer

Share price relative to the All Ordinaries index



Source: FT Extel

The logic behind Coles Myer's ambitious restructuring proposals is tenuous. The Australian retailer's move seems more directed at deflecting criticism about its woeful corporate governance record than getting to grips with the business's problems. Coles Myer's lowly stock market rating is mainly due to concern over whether directors are running the group in their own interests rather than those of outside shareholders. Numerous private companies controlled by directors have sizeable business dealing with Coles. The recent sacking of a freshly-recruited independent finance director has heightened investor fears.

The board's proposal to break the business up is a curious way to respond to the criticism. There is little evidence that the sum of Coles' three retailing parts will exceed that of the whole.

Department stores, food and specialty retailing businesses were merged in 1985 and it will be difficult to unwind combined buying, distribution and financing operations. Greater efficiency and higher individual valuations may scarcely cover such costs.

Moreover, Mr Solomon Lew, the chairman, is masterminding the restructuring plan. Given that much of the investor concern has related to relationships between Coles and his private businesses, he is probably not best qualified to reorganise the group. A much better solution to Coles's poor share performance would be to recruit a group of genuinely independent directors who would give confidence that any restructuring would be to the benefit of all shareholders.

Rhône-Poulenc Rohrer

Rhône-Poulenc Rohrer's success in clinching Fisons will help smooth the pharmaceuticals company's rather jagged profile. But RPR still has some way to go to achieve its goal of global strength in a range of product areas.

Fisons is an important piece of the jigsaw. RPR now commands a strong position in the respiratory area, a growth market due to the increase in asthma problems. It is trying to reach the same level in oncology. Its cancer drug Taxotere suffered a set back last year when it failed to gain US Food and Drug Administration approval but it is due to try again. Hopes that the drug will be contributing to profits by 1997 appear well founded.

But there is still a lot of clearing out to be done, as RPR's product range contains few big earnars. Financial constraints will make it difficult for RPR to make further sizeable acquisitions – even if neatly packaged companies like Fisons were readily available. Instead, joint ventures and product deals may offer a slower but still effective path.

There is speculation that RPR'a majority shareholder, Rhône-Poulenc, will release value by spinning off its pharmaceuticals subsidiary. While such a move might enhance RPR's attractions, the French chemicals giant does not seem likely to relinquish a business that accounts for a large chunk of its profits.

But even without such a move, the prospects for RPR, once the dilutive effects of the Fisons deal have worn off by the end of 1996, appear to be brightening.

UK banks

The new powerhouse of Lloyds TSB leaves the middle ground of the UK financial services industry looking sparsely populated. The gap between the three dominant forces of Barclays, National Westminster and, now, Lloyds TSB and the second tier of financial institutions has widened, leaving Midland, the Scottish banks, Abbey National and a couple of building societies in a rather awkward no-man's land. This makes a merger or takeover among this group look increasingly likely.

As Sir Nicholas Goodison, TSB's chairman, observed yesterday, size does matter, at least in these particular markets. That is partly because the advent of new technology has pushed up the cost of participating in the financial services industry. There may still be a place for low-cost regional players, but medium-sized participants face a rise in the ratio of costs to income, depressing returns.

For some, like Abbey, the need to push along diversification is becoming more pressing. But recent consolidation makes it increasingly hard to make inroads into areas such as retail banking. Given the profitability of the aector, this does not mean that anyone will go bust. But it does mean that earnings potential may be impaired, causing shares to underperform, which could in time leave them more vulnerable to takeover.

Even those in the top tier will face some problems. NatWest is in danger of losing its pre-eminent position in lending to small business. Nonetheless, NatWest and Barclays both appear well positioned, with large market share and earnings outside UK retail banking.

North West Water

North West Water's grand plan to bring together electricity and water supply in the same region now looks likely to become reality. North West's new cash offer, which includes a 150p special dividend, is worth £11.50 per ahare – much the highest bid in the sector since the March price review. The other bidder, Texas Energy Partners, has little reason to increase its bid yet again given the cheaper opportunities still available in the sector. Since the merger will not reduce competition in either market, a monopolies reference also looks unlikely.

Norweb shareholders will be delighted with the handsome price they are receiving. Whether North West shareholders should be happy at the price their company is paying is another matter. A merger undoubtedly has logic: it reduces North West's dependence on water, tax savings will be substantial and there is scope for cutting costs by sharing functions between the two companies.

But there is great uncertainty over the extent of this cost-cutting – particularly since the company refuses to divulge figures. The deal will only stack up financially at this high price if big savings are achieved. A further risk is that North West is moving into a business of which it has little experience. The record of water company diversification to date is poor. North West shareholders must approve the offer on Friday. They are being asked to take a great deal on trust.

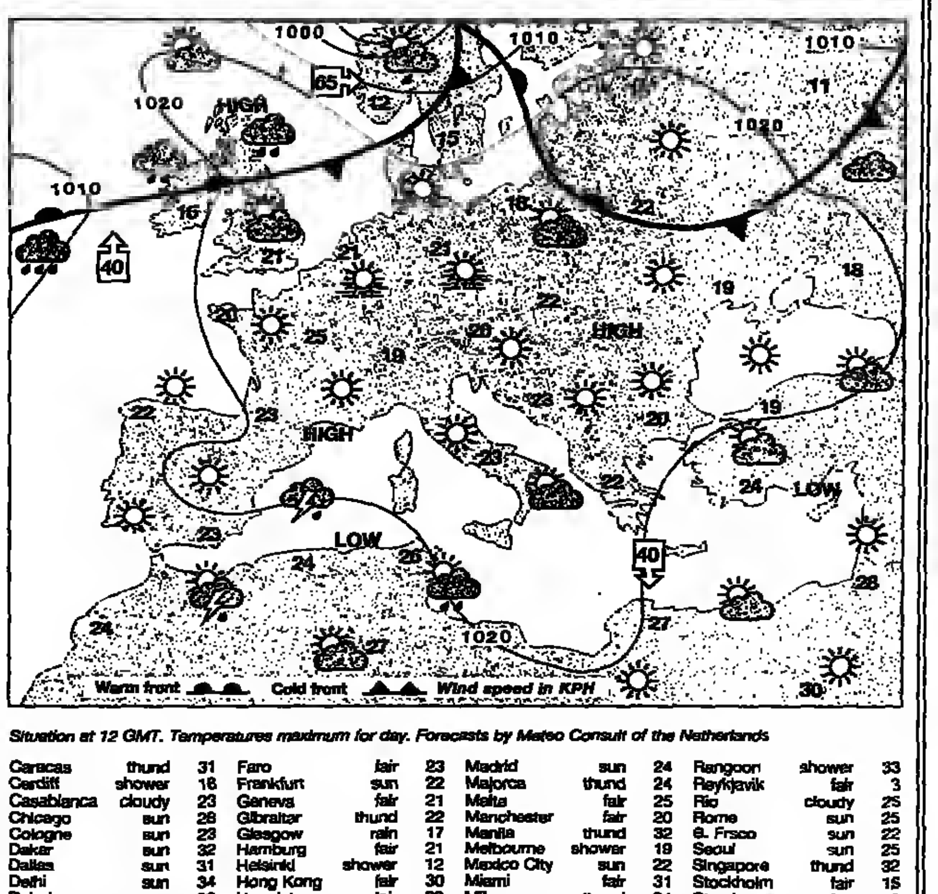
FT WEATHER GUIDE

Europe today

An active depression over the UK will bring cloud and rain to Ireland and Scotland. England will remain dry and sunny. The Benelux, Germany and northern France will be foggy in the morning and evening, with sunshine in the afternoon.
Southern France and Spain will be sunny and dry. Eastern Spain and south-east France will have thunder showers.
Hungary, the former Yugoslavia and the Balkan states will have plenty of sunshine, while Greece and Turkey will have scattered cloud.

Five-day forecast

High pressure will remain almost stationary over the continent bringing sunshine to most of Russia, eastern and south-east Europe. Warm conditions will continue in England, the Benelux, Germany and northern France, with morning fog and afternoon sunshine.
Scotland and Ireland will have showers. Showers are expected in England and western parts of the continent by the end of the weekend.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	38
Accra	thund	30
Algiers	thund	24
Amsterdam	fair	20
Athens	fair	23
Atlanta	fair	24
B. Aires	shower	17
B.ham	fair	20
Bangkok	rain	30
Barcelona	fair	22
Beijing	shower	25
Belfast	rain	17
Belgrade	sun	23
Berlin	sun	21
Bermuda	cloudy	27
Bogota	shower	19
Bombay	fair	34
Brussels	sun	21
Budapest	sun	23
C.hagen	fair	18
Cairo	sun	28
Cape Town	rain	14
Caracas	thund	31
Cardiff	shower	18
Casablanca	cloudy	23
Chicago	sun	28
Cologne	sun	23
Dakar	sun	32
Dallas	sun	31
Delhi	sun	34
Dubai	sun	38
Dublin	rain	19
Dubrovnik	sun	23
Edinburgh	rain	17
Faro	fair	23
Frankfurt	sun	22
Geneva	fair	21
Gibraltar	thund	22
Glasgow	rain	17
Hamburg	fair	21
Helsinki	shower	12
Hong Kong	fair	30
Honolulu	fair	32
Istanbul	fair	21
Jakarta	cloudy	32
Jersey	sun	19
Karachi	sun	37
Kuwait	sun	39
L. Angeles	sun	29
Las Palmas	fair	26
Lima	cloudy	19
Lisbon	sun	23
London	fair	22
Lux.bourg	sun	21
Lyon	fair	22
Madeira	cloudy	23
Madrid	sun	24
Majorca	thund	24
Malta	fair	25
Manchester	fair	20
Manila	thund	32
Melbourne	shower	19
Mexico City	sun	22
Miami	fair	31
Milan	thund	24
Montreal	fair	12
Moscow	sun	13
Munich	sun	20
Nairobi	fair	27
Naples	sun	26
Nassau	fair	31
New York	sun	26
Nice	fair	22
Nicosia	sun	29
Oslo	fair	15
Paris	sun	24
Perth	fair	20
Prague	sun	20
Rangoon	shower	33
Reykjavik	fair	3
Rio	cloudy	25
Rome	sun	25
S. Frsco	sun	22
Seoul	sun	25
Singapore	thund	32
Stockholm	fair	15
Strasbourg	fair	19
Sydney	fair	27
Tangier	shower	23
Tel Aviv	sun	28
Tokyo	cloudy	22
Toronto	sun	22
Vancouver	fair	13
Venice	sun	24
Vienna	sun	21
Warsaw	fair	22
Washington	sun	28
Wellington	sun	14
Winnipeg	rain	16
Zurich	sun	19

هكذا من الأصل

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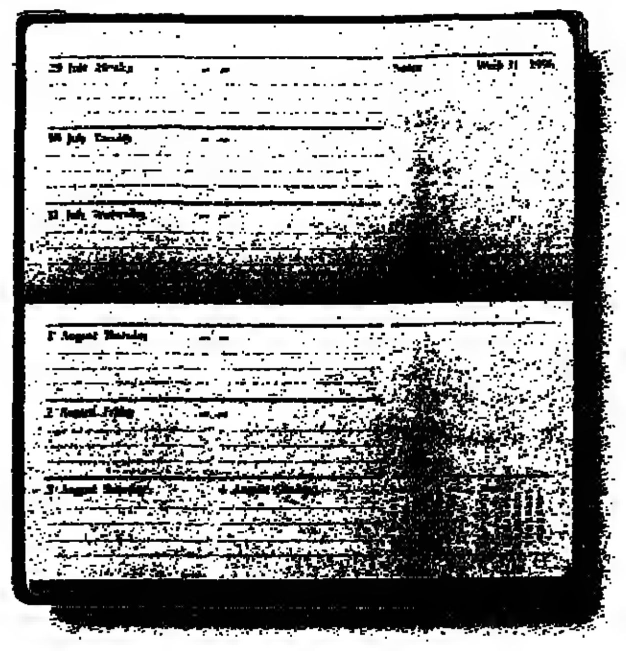

The Financial Times Pink Pocket Diary.
Printed on the distinctive FT-pink paper, has a landscape week-to-view diary which runs from December 18, 1995 to January 5, 1997.

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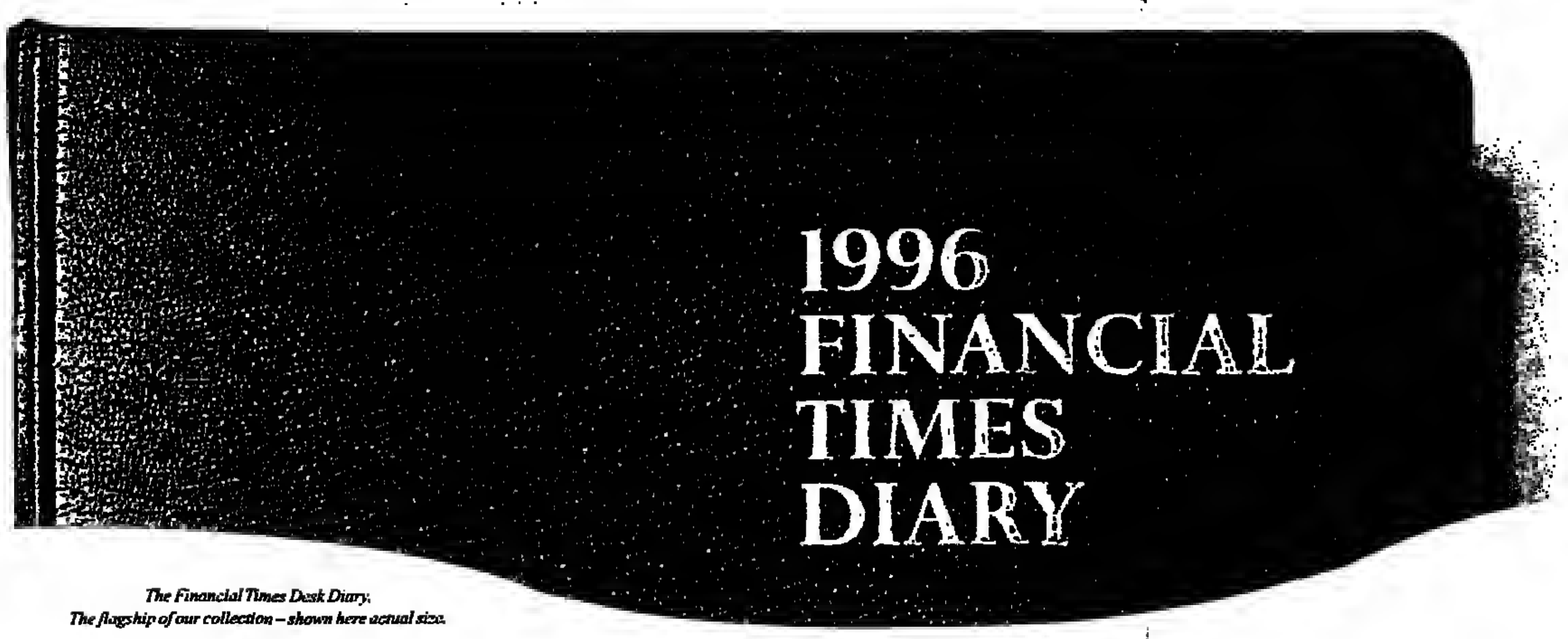

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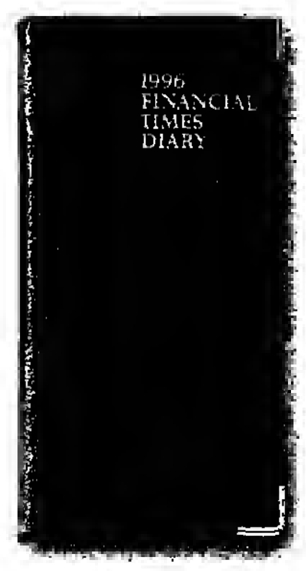

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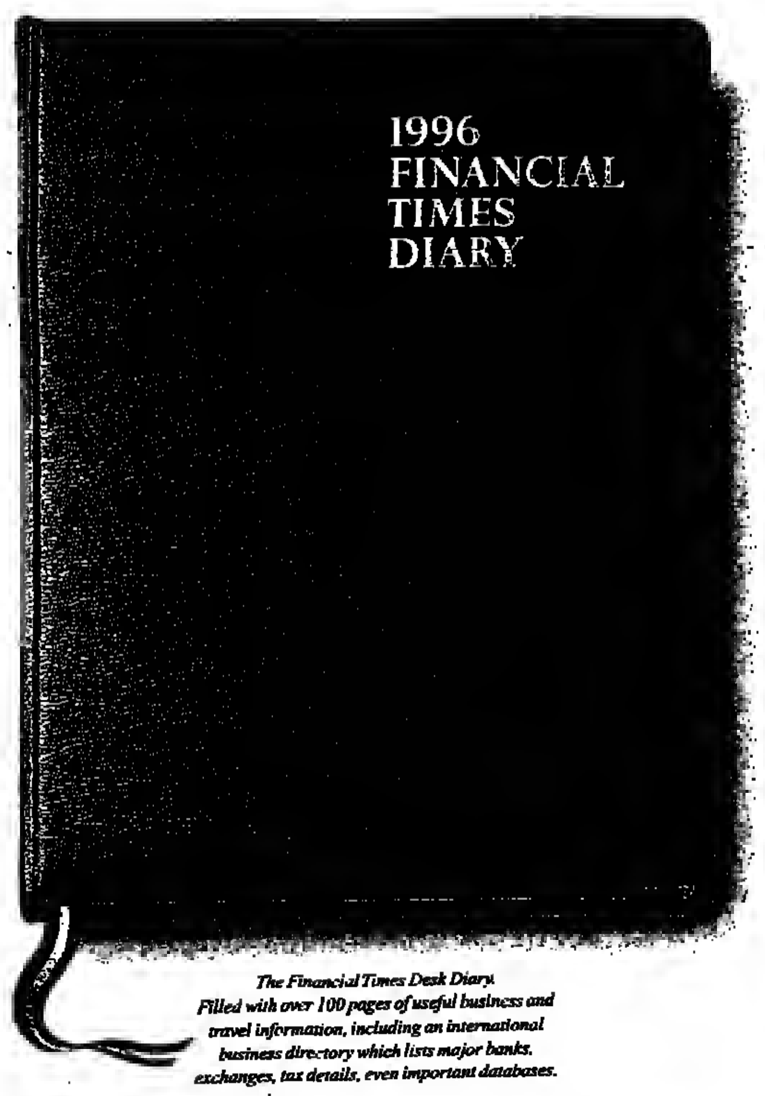

The Financial Times Desk Diary.
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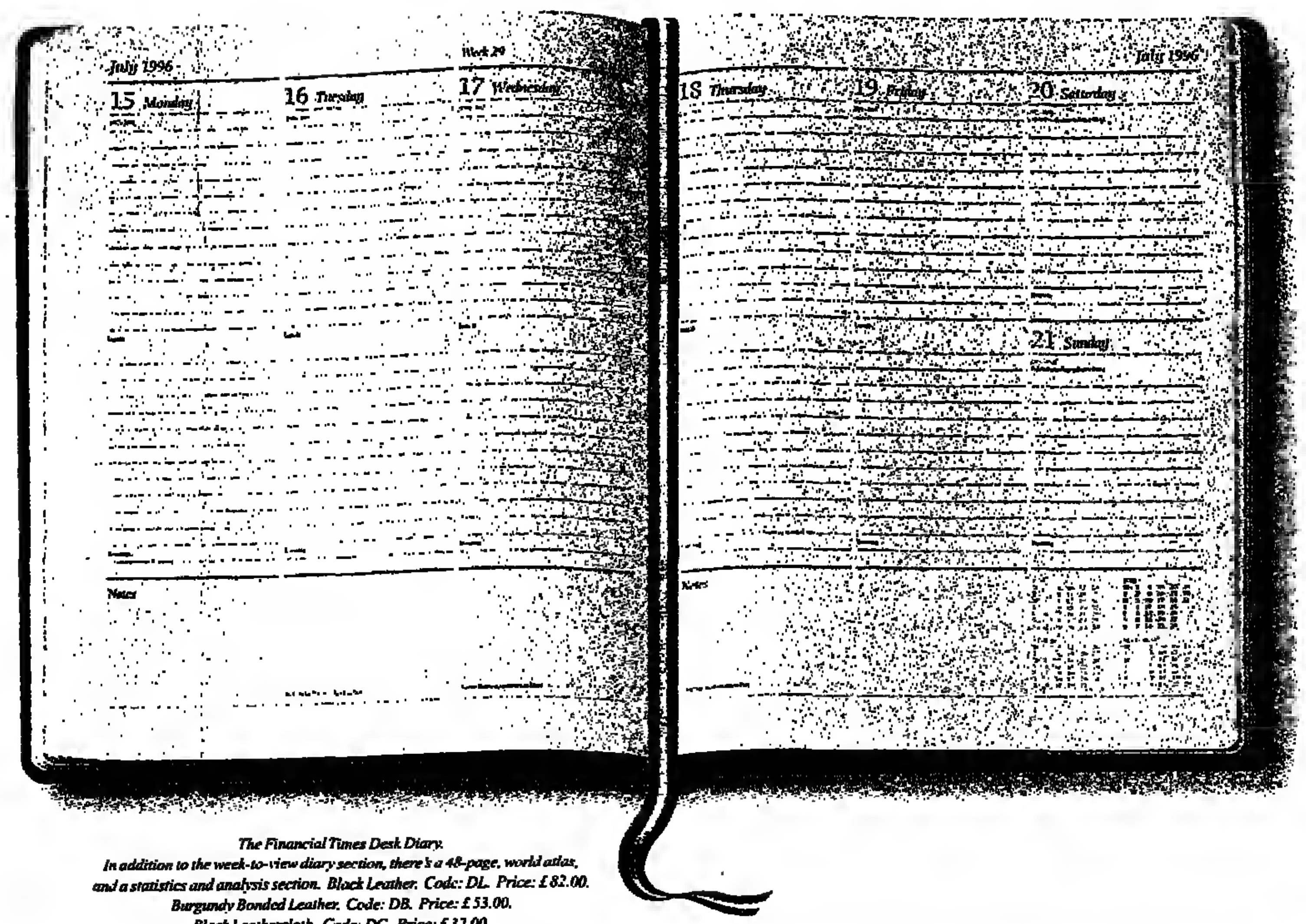

The Financial Times Desk Diary.
In addition to the week-to-view diary section, there's a 48-page, world atlas, and a statistics and analysis section. Black Leather. Code: DL. Price: £82.00.
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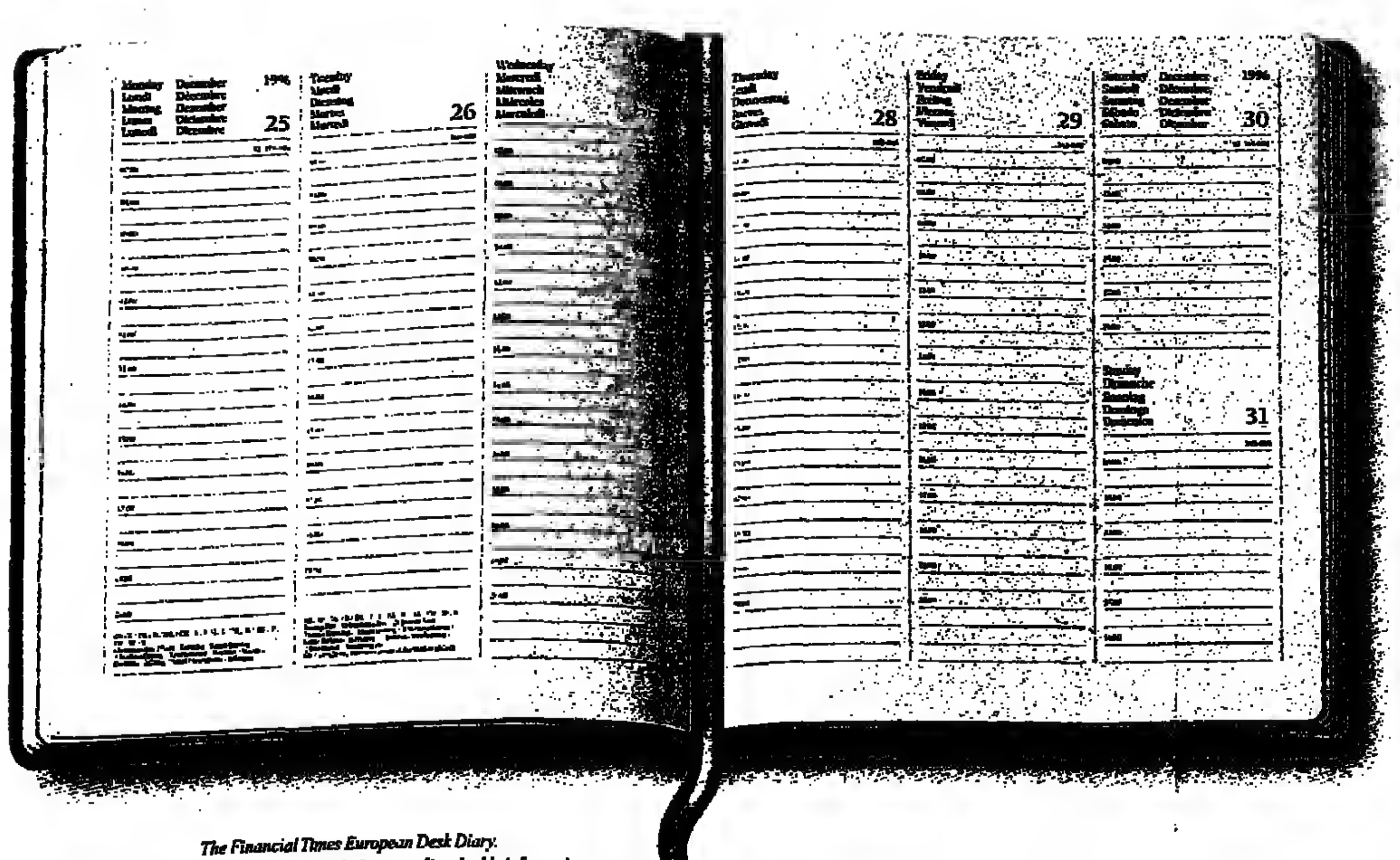

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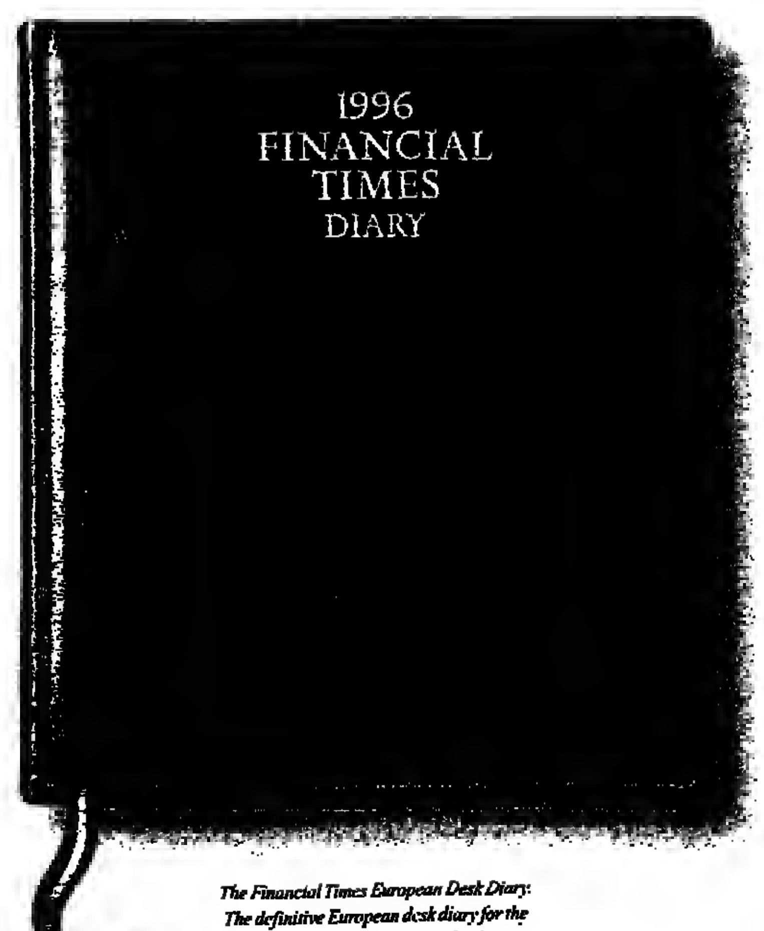
The diary section runs from November 23, 1995 to January 22, 1997.



The Financial Times European Desk Diary.
The definitive European desk diary for the international executive. The travel information pages provide data on each EU country.
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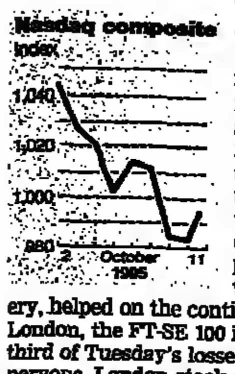
FINANCIAL TIMES

COMPANIES & MARKETS

Thursday October 12 1995

IN BRIEF

Tech stocks rally on Wall Street



Technology shares continued to rally on Wall Street yesterday morning, following Tuesday morning's sharp correction, and at 1pm the Nasdaq Composite index, which has a strong technology component, was up 12.67 st 996.14. In Europe, where many equity markets dropped on Tuesday in sympathy with Wall Street, there was a modest recovery, helped on the continent by a firmer dollar. In London, the FT-SE 100 index regained almost a third of Tuesday's losses but the market remained nervous. London stock exchange, Page 30; World stock markets, Back Page

Roche raises sales 2.5% in third quarter
Roche, the world's most highly valued health products group by market capitalisation, reported a 2.5 per cent rise in sales in the third quarter to SFr3.5bn ($3bn), as strong growth in pharmaceuticals offset the continuing negative impact of converting foreign revenue into Swiss francs. Page 16

Contest of 'wets' and 'dries' drives Philips
The world's men divide rather neatly into two groups, at least for Philips, the Dutch electronics group. There are the "wets", or those who shave with water, shaving cream and a safety razor. And there are the "dries", or men who use an electric shaver. Page 16

FMR Corp cuts Apple stake to 2.5%
FMR Corp, the parent of Fidelity Investments of the US, has cut its stake in Apple Computer from 11 per cent to 2.5 per cent in recent weeks, according to a filing with the Securities and Exchange Commission. Page 19

Stet flexes muscles with Bolivia bid
The $1.22bn winning bid by Stet International of Italy for Entel, Bolivia's state telecommunications company, was more than double the offer from runner-up MCI of the US. It marks a new phase in the struggle for positioning in the potentially lucrative Latin American telecoms market. Page 19

Eurotunnel says 1996 will be 'painful'
Eurotunnel warned that overcapacity on cross-Channel routes and the continuing price war would make 1996 a "painful year" for both the ferry companies and the troubled tunnel operator. Page 22

Offer values Pioneer Gold at up to $787m
Pioneer Goldfields will have a market value of between $712m and $787m when the Ghanaian gold mining group floats on the London and Accra stock markets next month. The offer price has been set at between $9.50 and $10.50 a share. Page 21

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Asko	840	+	30
Berliner Kraft	392	+	14
DLW	340	+	8
MAN	410	+	11
Falls			
Karstadt	612	−	8
Porsche	670	−	10
NEW YORK ($)			
Rises			
Allen Group	28¾	+	3½
Allmerica Fin	23⅞	+	2¼
Franklin El	40½	+	2⅝
RG Barry	18¾	+	2
SGS-Thomson	45⅝	+	2¾
Falls			
Alumax	28¼	−	1⅝
LONDON (Pence)			
Rises			
Airflow Streams	261	+	31
BMB Resources	141	+	11
Bradstock	61	+	9
Lloyds Bank	769	+	49
Norweb	1147	+	61
Falls			
Anagen	72	−	28
TORONTO (C$)			
Rises			
Cognos	44⅝	+	5⅝
Corel	21	+	⅞
Ipsco	28½	+	1
PC Docs	18⅞	+	1⅛
Softkey Softw	53½	+	2¼
Falls			
Spectrum Sig	10⅝	−	⅜
PARIS (FFr)			
Rises			
Credit Local	405	+	14.7
SGS-Thomson	231.9	+	28.9
Falls			
Credit Foncier	94.6	−	4.4
Ecco	801	−	39
Geophysique	160.3	−	6.2
Suez	183	−	8.9
TOKYO (Yen)			
Falls			
Daiwa Bank	634	−	48
Inax	924	−	41
Long Term Crdt	820	−	50
Nippon Signal	780	−	38
Olympus	916	−	59
Toshiba Mch	502	−	36
HONG KONG (HK$)			
Rises			
Logic Intl	1.35	+	0.28
Pricerite	0.9	+	0.12
SAS Dragon	2.725	+	0.325
S'pore HK Prop	1.8	+	0.15
Falls			
Leading Spirit	2.55	−	0.3
Lucky Man Prop	5.2	−	0.3
BANGKOK (Baht)			
Rises			
Adam Thai	23.75	+	2
Compass East	152	+	7
Hana Micro	92.5	+	4.5
Thai Lift	47.75	+	2.75
Falls			
Interlife	61	−	6.5
Regional Cont	240	−	10

New York and Toronto prices at 12:30.

Suez slides to FFr4bn first-half loss

French financial group sees two pillars for future: Banque Indosuez and SGB

By Andrew Jack in Paris

Suez, the troubled French financial and industrial holding group, yesterday reported limited details of its strategy as it announced unexpected losses of FFr4bn ($797m) for the first half of the year, including provisions of more than FFr4bn against property investments.

Mr Gérard Mestrallet, who was appointed chairman after leading shareholders forced the resignation of his predecessor, Mr Gérard Worms, in July, said Suez had two pillars for the future: Banque Indosuez, the group's bank, and Société Générale de Belgique, the industrial holding group.

He pledged that Suez would break even by the end of this year, and return to profitability in 1996.

However, the results appeared to contrast sharply with the assurances of Mr Worms when he unveiled annual losses of FFr4.7bn for 1994 in March, including a FFr7.6bn provision against property loans.

Mr Worms said then that the group had made once and for all provisions on its property portfolio using modified accounting rules designed to take into account all changes ahead of the sale of its investments over the next few years.

He also said at the time of his resignation that he was passing on a group that was poised to generate profits.

However, Mr Mestrallet said that some of yesterday's new provisions of FFr4.076bn reflected a transfer of Banque Indosuez's remaining property commitments to the Suez holding company, so that the bank could refocus quickly on other activities.

The remainder were the result of applying the new accounting rules, which forced additional provisions because of a continued deterioration in the property market, notably in so-called *paquebot* or large commercial developments in Paris, in which the group had invested heavily.

Suez reported revenues of FFr49.4bn for the first half, compared with FFr63.4bn last time, and operating losses of FFr2.82bn against profits of FFr940m.

Banque Indosuez reported net income of FFr46m, compared with FFr880m last time, on banking income down 24 per cent to FFr5.1bn.

Mr Mestrallet has already begun to make s mark in changing the strategy of the group, including the announcement in September that Banque Indosuez was selling its 75 per cent stake in Gartmore, one of the UK's largest fund managers.

He unveiled some details of his "plan for action" for 1995, which included simplifying the structures of the group and redefining management's role in the holding company.

Mr Jean-François Lepetit, chairman of Banque Indosuez, said that the bank had made loans of "very slightly more than" FFr1bn to Eurotunnel, the operator of the cross-Channel link, and had taken provisions against two years' interest payments.

Fokker hit by fears over finances

by Wolfgang Münchau in Frankfurt

Shares in Fokker, the loss-making Dutch regional aircraft maker, yesterday lost almost a fifth of their value on the back of speculation about its financial position.

In Amsterdam, the share price fell Fl 1.4, to Fl 6, having touched a low of Fl 5, prompted by speculation that Fokker was seeking protection from its creditors. This was later denied by Fokker, which is majority-owned by Daimler-Benz, the German industrial group.

The market jitters about Fokker in part reflect uncertainty about a forthcoming cost-cutting drive at Daimler-Benz Aerospace (Dasa), of which Fokker is now part, aimed at restoring profitability through deep production cuts after years of losses.

Programme Dolores – which stands for dollar low-rescue – is to be unveiled this month, and will mark an attempt by Dasa to adjust to a permanently low dollar exchange rate, one of several causes behind the recent difficulties.

Losses and loss provisions at Dasa were the main factor behind Daimler-Benz's recently reported DM1.5bn ($1bn) half-year loss for 1995.

Fokker yesterday denied speculation circulating on the Amsterdam stock exchange that the company would suspend payments to creditors. "Thanks to a bridging loan from our parent company, Dasa, we are in the position to fulfil our obligations at least until January 1," it said.

The jitters in Amsterdam were reflected to a lesser degree in Frankfurt, where shares in Daimler-Benz fell 0.5 per cent, against a 0.3 per cent rise in the Dax share index.

The pending cost-cuts at Dasa have created a frenzy of speculation in the German media, which features increasingly alarming forecasts about the possible extent of job losses and factory closures at Dasa and reports about internal rifts within Daimler-Benz's top management.

Job losses at Dasa's German plants are forecast at 10,000-16,000.

Yesterday, the company denied reports that Mr Jürgen Schrempp, the chairman, planned to reshuffle the structure of the Daimler-Benz holding company in order to gain more influence at the expense of Mr Helmut Werner, chairman of Mercedes-Benz.

Chrysler edges back in third quarter

By Richard Waters in New York

Chrysler staged a partial recovery in the third quarter from its dismal trading performance in the first half of the year, according to results released yesterday.

However, with after-tax earnings down by nearly half from the same period a year ago, Chrysler, the smallest of the three big US automakers, is still a long way from recovering the profitability that made 1994 a record year.

Chrysler's latest figures reflect the heavy launch costs of its new minivan, higher incentives to attract new customers and a sharp decline in vehicle sales in Mexico. After-tax profits for the third quarter fell to $354m on sales of $12bn, from $651m on sales of $11.7bn a year ago. Earnings per fully diluted share were 90 cents, down from $1.60.

The company continued to offer big incentives to shift the remaining stock of its old minivans, resulting in an average incentive per vehicle of $870 during the three months.

Jerome York: expected to launch full public attack on Chrysler

The shift to production of the new minivan resulted in 29,000 fewer of the vehicles being sold than a year before. Sales were also hit by the economic crisis in Mexico, resulting in new vehicle sales of only 6,000, compared with 24,000 a year ago.

The news came on a day when Mr Jeroma York, an ally of Mr Kirk Kerkorian, Chrysler's biggest shareholder, was expected to make his first full-scale public attack on the company. Mr York has taken the offensive on behalf of Mr Kerkorian in recent weeks in trying to persuade the car and truck maker to distribute more of its cash to shareholders.

Chrysler executives repeated earlier assurances that the company would move back on track in the final three months of this year, when it expects production levels to return to near-peak capacity and incentives offered to buyers to fall.

Mr Gary Valade, the chief financial officer, said that with production of the company's new minivan expected to reach peak capacity late in the year, and additional capacity to build pick-up trucks, the company would be better positioned to meet demand for its most popular vehicles.

Chrysler also said it expected the US economy to continue on its "soft landing" next year, setting the stage for further advances. If total US new vehicle sales hold steady at slightly over 15m next year, "we should be able to make good money", said Mr Valade.

Mr Valade said the company wanted to keep $1bn-$1.5bn of cash on hand to give it the flexibility to take on big international joint ventures or other commitments. It will focus on tha emerging markets rather than Europe, which is "too mature a market and has great overcapacity already," he added.

Banks rise as merger plan set out

Sir Robin Ibbs, Lloyds Bank chairman (left) and Sir Nicholas Goodison, TSB chairman: shares in both banks rose on disclosure of merger details

Uunet bid values Unipalm at £97m

By Paul Taylor in London

Uunet Technologies, one of the largest US Internet service providers, plans to acquire Unipalm, the UK-based Internet service group in a recommended share-swap deal valued at 450p a share.

The proposed deal, worth about £97m ($153m) in total, will create one of the first truly multinational independent internet service providers, with operations throughout North America and in more than 24 other countries.

It signals the beginning of consolidation in the young and fast growing internet market, which links an estimated 35m computer users around the globe, providing electronic mail and other information services.

The number of independent Internet service providers, who provide customers with connections to the Internet, has proliferated in the past 18 months in response to growing corporate and individual interest in the "electronic superhighway".

Negotiations between Uunet and Unipalm have been taking place since mid-August when Unipalm, which was floated 19 months ago at 100p, was forced to disclose a bid approach from a then unnamed suitor following a sharp rise in its share price.

Two weeks ago, Unipalm attempted to dampen speculation in its shares, which rose to a high of 600p, by reaffirming talks were continuing which could lead to an offer at 450p a share.

Unipalm's shares closed up 4p at 414p yesterday following details of the bid, while in New York, Uunet's shares were $1⅜ up at $40⅞, in morning trade.

Under the terms of the Uunet offer, the exact number of Uunet shares offered for each Unipalm share will be determined by a complex mechanism based on average share prices, designed to offset the volatility of high technology stocks.

The US company said it had received undertakings to accept the offer covering 10m shares representing almost 49 per cent of Unipalm's capital. These include large shareholdings held by Mr Peter Dawe, Unipalm's managing director who holds 4.92m shares, Mr Robert Williams, who resigned as joint managing director earlier this year, and 3i Group which holds a 24.9 per cent stake.

Mr John Sidgmore, Uunet's chief executive, said the offer represented "a major step in the pursuit of Uunet's international expansion plans".

At a price of about 450p, the offer represents a premium of 38 per cent over the closing price of Unipalm's shares the day before the negotiations were disclosed.

Based on Unipalm's pre-tax profits in the year to April 30 of £442,000 on turnover of £17.7m, the offer represents an earnings multiple of 304, highlighting the continuing premium being placed on Internet-related companies.

Analysis, Page 18

Coles Myer plan to restructure disappoints investors

By Nikki Tait in Sydney

Coles Myer, Australia's largest retailer, yesterday announced plans for a big corporate restructuring which could split various businesses into separate public companies with their own managements.

However, three big financial institutions called for any restructuring to be overseen by an independent non-executive chairman, bringing into the open a battle between institutional investors and the Coles Myer management over corporate governance. The institutions warned they might seek to replace some directors.

Mr Solomon Lew, the executive chairman and biggest single shareholder of Coles Myer, has had a controversial stewardship, with some institutional investors expressing reservations about the extent to which the group's suppliers are represented on the board. Last year saw investor disquiet over the board's decision to use proceeds from the sale of retail property to fund the A$1.26bn ($960m) buy-back of more than 21 per cent of Coles's issued capital owned by Kmart of the US.

Tha three institutions – the AMP, Bankers Trust Australia and the State Super Corporation – said while they supported the investigation of options for restructuring Coles, this would be best "undertaken by a board which comprises a majority of independent non-executive directors and is led by an independent non-executive chairman".

They said Mr Lew had "informed us that his board will not support this view".

"Accordingly, we will propose a number of independent non-executive directors to replace some of the existing directors st the Coles annual general meeting on November 21, or, if necessary, at an extraordinary general meeting."

The Australian Investment Managers Group, which represents most of the fund management organisations, backed the trio's stance, saying it believed Coles's restructuring statement fell short of institutions' requirements and was "disappointing".

The Coles board would prefer to "separate major businesses within the group and create several new public companies with separate management and independent boards", and then have a further vehicle to hold the group's extensive property interests. Additional options, the board said, would be asset sales, further share buy-backs, and subsidiary public offerings.

Coles covers a wide range of retail interests, from supermarkets to specialty and department stores. These could be spun off as separate quoted entities. The company, which gave few details, said that Smith Barney, the US investment bank, was advising on the scheme.

The board anticipated the process would take about a year to implement. During this time, Mr Lew would step down from executive to non-executive chairman, but "have carriage of the restructuring process".

Mr Nick Grenier, one of the independent non-executive directors, would become joint deputy chairman and have responsibility for all corporate governance matters. Coles also "intends to appoint three new non-affiliated independent directors as soon as possible", the board said.

Lex, Page 14

Drug sales put Roche ahead despite currency losses

By Ian Rodger in Zurich

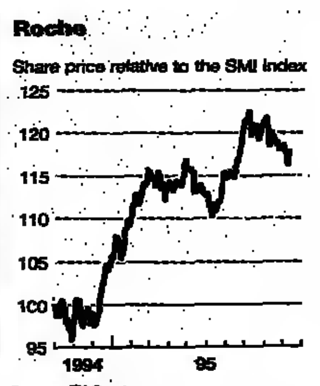
Roche, the world's most highly valued health products group by market capitalisation, has reported a 2.8 per cent rise in sales in the third quarter to SFr3.51bn ($3.06bn), as strong growth in pharmaceuticals offset the continuing negative impact of converting foreign revenues into Swiss francs.

The result for the group, led since 1978 by Mr Fritz Gerber, was broadly in line with investors' expectations. The non-voting certificates broke through a resistance barrier and rose SFr145 yesterday to a record SFr8,295.

"There has obviously been an acceleration of growth in the third qnarter," said Ms Jane Fisken of brokers Williams de Broë in London.

Roche reiterated its August forecast that it would achieve "another increase in consolidated net income for the year as a whole". Net income jumped 15 per cent last year to SFr2.86bn and analysts are expecting it to advance more than 20 per cent this year.

Fritz Gerber: his company met expectations in third quarter



Source: FT Extel

Pharmaceutical sales soared 20.4 per cent to SFr2.23bn in the third quarter, a significantly higher rate of growth than the 13 per cent rste achieved in the first half.

Roche said sales volumes for all its leading prodncts were ahead. Growth was also boosted by the $5.3bn acquisition last year of the US pharmaceuticals group Syntex, whose figures were consolidated only from November. Roche said the integration of Syntex was "virtually complete".

CellCept, a Syntex-developed drug for use in transplant medicine, had been well received since its US launch in June.

Non-prescription drug sales in France and Italy have been strengthened hy branded prodnct acquisitions.

Sales of vitamins and fine chemicals were down 1.5 per cent to SFr771m in the third quarter, but ahead in local currencies. Roche said the division posted further volume gains with vitamins, carotanoids and fine chemicals, especially in the far east and Latin America.

Sales in the diagnostics division in the third quarter reached SFr159m. No comparative figure, excluding Roche Biomedical Laboratories (RBL), was availahle. RBL was merged with National Health Laboratories in the US effective on May 1, with Roche retaining 49.9 per cent in the merged company.

Roche said the remaining business of diagnostic systems achieved double-digit growth in a generally contracting market.

Fragrances and flavours sales were down 8 per cent to SFr344m in the third quarter, apparently reflecting seasonal weakness after only a 3 per cent decline in the first six months in Swiss franc terms.

ROCHE: NINE-MONTHS SALES FIGURES

	1995 (SFr m)	1994 (SFr m)	Change on year (%) in SFr	Change on year (%) in local currencies
Pharmaceuticals	6,810	5,888	+19	+29
Vitamins & fine chemicals	2,268	2,406	-6	+4
Diagnostics*	465	445	+4	+13
Fragrances & flavours	1,130	1,188	-5	+5
Other	37	56		
Total, ex RBL	10,710	9,983	+7	+19
RBL to 30.4.95	296	756		
Total	11,006	10,739	+2	+14

* Roche Biomedical Laboratories (RBL) was sold to a joint venture effective May 1 and removed from consolidated figures

Source: company

Share offer boost as SGS-Thomson announces profits

By David Buchan in Paris

SGS-Thomson, the Franco-Italian semiconductor maker, yesterday announced sbarply increased third-quarter net profits of $129m, pushing net earnings for the first nine months of this year to $358.5m, up 41.5 per cent on the same period last year.

These results will lmprove the prospects for the 18m share offer which the company has launcbed on tbe New York and Paris stock markets, and which is expected to be completed by the end of this month. SGS-Thomson wants to improve its balance sheet, as well as finance heavy capital spending. Last month it announced plans for a FFr4bn plant in southern France to make integrated circuits.

Operating profit rose by 59 per cent in tbe third quarter to $166.3m, compared with $104.4m in lbe same period last year. The company attributed the lmprovement to increased sales and earnings from intellectual property, whicb analysts considered an encouraging development. The 40 per cent increase in third quarter aales, to $913m, was also slightly higher than the 33.7 per cent increase recorded for the first nine months as a whole, in which the company recorded turnover of $2.58bn.

As a result of the improving trend, research and development expenses of $109.3m in the third quarter accounted for 11.6 per cent of turnover. That compared with $83m spent in the same quarter of 1994 (12.7 per cent of turnover). Sales, general and administrative costs were $103.6m compared with $91.5m in the third quarter last year.

The share offer will not alter control hy the majority French and Italian state shareholders, whicb will retain just over 70 per cent of the shares. Of the 18m shares in the offer, 11.7m are to be offered in the US and Canada and 6.3m shares elsewhere. Of these 7.6m will be newly issued, 6.8m will be sold by SGS-Thomson's holding company, and the balance will come from the sale of the stake sold by Thorn-EMI of the UK.

Philips shaves away at the 'wets'

The world's men divide rather neatly into two groups, at least for Philips, the Dutch electronics group. There are the "wets", or those who shave with water, shaving cream and a safety razor. And there are the "dries", or men who use an electric shaver.

The "dries" are responsihle for tha success of the Philishave electric razor, the best-selling product in the company's history. Fifty-six years after its debut, it has captured 33 per cent of the world's dry shaving market.

But the "wets" are also very important, especially in developing countries. They are the key to future growth, provided, of course, that Philips can convert them to dry shaving.

Even bearded men do not escape the attention of Philips' marketing machine: they are the potential buyers of Philips' line of beard and moustache trimmers.

For companies in the shaver market, the struggle for ascendancy between the wets and dries is not unlike an ldeological schism, complete with propaganda campaigns, attempts at conversion and a fundamental split into rival camps.

"It's a basically a systems battle. We try to get to men while they're still young,

Model consumer: Philips wants to convert the world's men

before tbey start to sbave," says Mr Wil van den Berg, managing director of Philips' domestic appliances and personal care (DAP) division.

"We also try to get into our camp those men who are not satisfied with their current shaving system." These men are known in industry terminology as "late converters".

Philips will not confirm analysts' calculations that the Philishave is the most consistently profitable product in the group's portfolio, which encompasses light bulbs, medical equipment, compact-disc players and semiconductors. "You can assume that the Philishave makes a very important contribution to DAP and has done so for years," is all Mr van den Berg will say.

It is clear, however, that the electric shaver is the crown jewel at DAP, which, in turn, is helleved to produce some of the highest and most stable margins in the entire group. Although DAP's figures are buried within the group's Other Consumer Products sector, the business, spanning coffee machines to hair dryers, generates annual sales of more than Fl 3bn ($1.89bn), with Philishaves estimated to accoumt for at least Fl 1bn.

That is only 1.6 per cent of group sales of Fl 61bn, but the shaver's contribution to profits is certainly higher.

Philishaves are not subject to the same price erosion as other consumer equlpment, such as televisions and videocassette recorders, the prices of which continue to fall in splte of the addition of new features.

Since the first Philips electric shaver in 1939, more than 300m Philishaves have been produced. The shaver is based on rotating shaving heads rather than an oscillating, rounded metal foil, as in other brands. In terms of market share, lt is ahead of its main competitor, Braun of Germany, and the two other contenders, Panasonic of Japan and Remington of the US. Ultimately, however, Philips' main rival is Gillette of the US, the dominant company in tbe "wet" camp.

In Europe, Philips claims a commanding 50 per cent share of the market for electric razors. In the US, where Philishaves are sold under the Noreico name, it is a couple of percentage points higher.

In spite of the trend in hard-currency countries, such as the Netherlands and Germany, to export jobs and manufacture to low-wage countries, the Philishave continnes to be made mainly in the Netherlands.

The shaver factory in Drachten, in the northern Dutch province of Friesland, accounts for more than 90 per cent of annual production of 11m units, most of which are exported.

The rest are produced at a joint venture in China and at a small factory in Japan. In the past two decades, Philips has stooped making shavers in the UK, Spain and Argentina, among other places, and moved production hack to the "mother" factory.

Mr van den Berg says: "We have such a heavy structure here and such a high level of know-how lt would not seem advisable to change anything."

Production in China is aimed at helping Philips develop the market, where wet shaving is still the norm, says Mr van den Berg. "The Chinese market is 6m to 7m electric shavers a year, of which 5m are local, inexpensive machines. If you simply manage to replace those, you're already talking about a million-plus market."

Ronald van de Krol

EUROPEAN NEWS DIGEST

Snecma deficit leaps at halfway stage

Net losses at Snecma, the French state-owned aero-engine maker, nearly douhled in the first half from FFr266m to FFr506m ($102m), it was revealed yesterday. Trade union members leaked the results. The structural nature of the problems of Snecma, nearly 98 per cent owned by the French state and theoretically slated for privatisation, was underlined by the fact that total new orders of FFr3.3bn taken in the first half was less than the FFr4.2bn turnover in the same period. Snecma's plight meant, said nnions, that it may have to scale down its 25 per cent atake in the joint venture with General Electric of the US on the GE90 engine, and concentrate on developing derivatives of its successful CFM range of motors. Snecma management is also pushing for a further 2,500 cut in the workforce by 1998, and plans to move beadquarters out of Paris to a cheaper site. *David Buchan, Paris*

Bass strengthens Czech presence

Bass, the UK's second largest brewer, yesterday strengthened its presence in the Czech beer market by acquiring a controlling interest in two more breweries. The total price is understood to be close to £14m ($22m). Bass already had about 10 per cent of the Czech market through its 40 per cent holding in Prague Breweries, the country's second largest brewer. The latest deals will take its share to 16 per cent.

It is acquiring 55 per cent of the equity in Vratislavice, one of the top 10 Czech breweries, and 34 per cent of the equity in Ostravar. Bass is also subscribing for a rights issue at Ostravar, which will take lts stake to 51 per cent on completion. Bass is to provide management, technical and marketing support to both breweries and to increase production while "carefully preserving the unique character of the beer". It will also assist Vratislavice in developing its soft drinks business. *Vincent Boland, Prague, and David Blackwell*

Heineken acquires Slovak plant

Heineken, the Dutch brewer, has acquired a 66 per cent stake in Zlaty Bazant, a brewery and malting plant in Hurbanovo, Slovakia. It has acquired 17 per cent of the shares from the Fund of National Property of the Slovak Republic and the remainder through a share issue by Zlaty Bazant. Financial details were not disclosed. The plant, south-east of Bratislava, has about 600 staff and had 1994 sales of Fl 33m ($21m). Heineken will extend the brewery's annual production capacity from 670,000 hl to 1m hl and the malting plant's annual capacity from 27,000 tonnes to 60,000 tonnes. The Slovakian beer market is 5m hl a year. *AFX News, Amsterdam*

ICL launches Internet software

ICL, the UK computer company controlled by Fujitsu of Japan, is today launching a service it believes will lead to the creation of global academic online libraries. The new service, ICL Commands, being launched at the Frankfurt Book Fair, brings together a range of software to allow flexible charging and deter copyright theft for publications distributed on the Internet. The first big customer for the new service is Academic Press, the scientific and technical publishing arm of Harcourt Brace, the educational pnblishers.

Mr Mark Berner, of ICL Multimedia Services, said: "The product offers a wbole range of management facilities to make the Internet a commercial proposition rather than just giving the information away for free." Subscribers to scientific journals such as those publisbed by Academic Press will be able to get access to journals in the Worldwide Web with passwords which reflect subscription rates paid. The material will have electronic tags which can be detected if the information is passed on electronically to unauthorised users. Watermarks are left both on screen and on any paper copies printed off. *Raymond Snoddy*

■ Adidas, the German sportswear group, said lt would price shares in its initial public offering on November 13, with trading due to start November 17. Roadshows would start on October 26, with visits to Germany, France, the UK, Netherlands and Switzerland. *AFX News*

■ Fondiaria, the Italian insurer controlled by Ferfin, said its L557.4bn ($346m), two-for-five rights issue would to begin on October 18. *AFX News*

Small drugs group in low-risk revamp

E Merck's 25% public offering is true to form, writes Daniel Green

Tomorrow, Mr Hans Joachim Langmann should know how much money will be raised on the world's capital markets for the financial reconstruction of E Merck, the German drugs company he chairs.

That is when the company's financial advisers in the DM2bn ($1.41bn) public offering – Germany's biggest so far – are scheduled to complete the "book-building" stage, the accumulation of promises by institutional investors to buy specified numbers of shares, depending on the final price.

The best deals will go to investors prepared stay for the long term, says Mr Langmann. His reasoning is at least partly a consequence of the company's ownership structure.

Only 25 per cent of the company is being sold. Control will remain in the hands of the family partners that now run the business, and the family's goals are long term indeed.

"The partners can't get out until at least 2005 and not easily until 2020," says Mr Langmann. "There could be a difference of interasts between shareholders and partners. People will realise that the real way to earn in shares is keeping them for 10 or 20 years."

Such words seem more blunt in print than coming from the mouth of the avuncular Mr Langmann. A tall conservatively dressed 71-year-old with flyaway white hair, Mr Langmann combines an informality of manner with the kind of self-discipline that persuades him to swim regularly in the North Sea, "if the temperature is over 16°C".

Such self-discipline not only helps the company keep focused on long term returns, hnt also provides an anchor that keeps the company's disparate activities together.

E Merck is not only a medicines company. It is one of the world's higgest providers of liquid crystal technology as well as making materials for the cosmetics industry, pigments, laboratory products, and medical diagnostic equipment. The unusual mix of businesses will need to he reflected in the eventual price.

So too will the sluggish growth of the drugs side, which accounted for 55 per cent of 1994 sales of DM5.7bn. Between 1993 and 1994 the division's sales grew less than 1 per cent. Germany, which has badly hit by government efforts to control drug spending, accounts for 22 per cent of turnover. The rest of Europe generates a further 41 per cent.

The dlvision also auffers from lack of focus: there are seven husinesses, ranging from the manufacture of low-margin generic drugs, through X-ray contrast media – materials that when injected into the body make X-ray images clearer – to advanced naw medicines such as a drug designed to cut alcoholics' craving for drink.

Such diversity would be a handful for the world'a biggest drugs companies, and E Merck was only 38th on the list in 1994, says a report from Scrip, an industry newsletter.

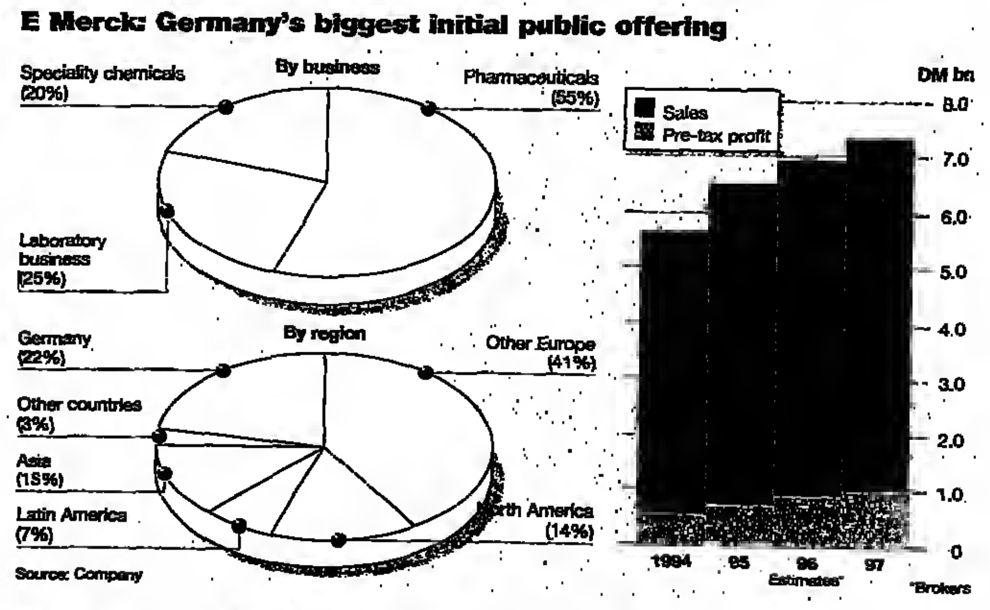
Mr Langmann is unconcerned. "We have always been a medium-sized company. It's not a problem," he shrugs. He will not be tempted into deal-making by the $60bn-plus wave of mergers and acquisitions that has swept the drugs sector in the past two years, even though many of those deals were driven by the desire for economies of scale.

Research and developmant spending, for example, is almost $500m at E Merck. That level of spending "is enough for us", says Mr Langmann. However, industry-wide, $1bn a year is often cited as a minimum to ensure a flow of innovative new products.

He does concede that economies of scale will play a role in the fate of the company'a diagnostics operation. "It is too small," he says. Selling all or part of it is "a real possibility", or it may be put into a partnership with another company.

Such small moves are typical of E Merck. The reason for tbe cash raising exercise is not to fund a big deal that transforms the company, hut to repair the balance sheet after 20 acquisitions or partial acquisitions since 1991. At the end of last year, the group had net debt of DM2.6bn, interest charges of almost DM200m and net cash outflow of about DM900m. A combination of ahare offer and cash-flow should cut net deht to DM800m by 1997, say analysts.

E Merck: Germany's biggest initial public offering



Source: Company

Further deals are likely because of the company's bias towards European sales, but the solution once again is likely to be small steps. "We will be able to develop our own products [into new markets]," says Mr Langmann. "We are building up our US position."

The company is weak in Japan bnt plans to license its products there. "This is a strategy for a company of our size which is not very risky," he says. Nor is lt particularly rewarding, say analysts.

The history of E Merck in its 31 years under Mr Langmann has been characterised by cautious growth. Rivals may have moved faster. Some have been more focused, and some have failed.

The company's decision to raise cash using bookbuilding may not have been an accident. Bookhuilding is recognised in corporate financial circles as appealing more to long term shareholders than the traditional puhlic offering, in which the shares are priced to ensure oversubscription and often attract short term investors. In E Merck's case, this is just as well. The company seems unlikely to be an attractive proposition for short term money.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

UK time period ending	Provisional Price for Trading on 12.10.95: Pool purchase price £/MWh	Final Prices for Trading on 14.09.95: Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.94	12.23	13.99
0100	8.93	12.23	13.99
0130	8.93	12.23	13.99
0200	8.93	12.23	13.99
0230	8.93	12.23	13.99
0300	8.93	12.23	13.99
0330	8.92	12.23	13.99
0400	8.92	12.23	13.99
0430	8.92	12.23	13.99
0500	8.92	12.23	13.99
0530	8.93	12.06	13.82
0600	8.93	12.08	13.82
0630	9.02	12.06	13.82
0700	15.77	16.08	17.82
0730	15.87	16.30	18.07
0800	17.07	16.31	18.13
0830	34.04	17.43	19.29
0900	31.42	17.92	19.92
0930	31.42	18.48	20.81
1000	31.43	18.80	21.04
1030	31.43	18.92	21.20
1100	17.97	35.05	37.39
1130	17.32	38.05	38.85
1200	17.93	36.15	39.03
1230	17.92	37.30	40.18
1300	17.89	38.53	39.21
1330	18.48	35.11	37.44
1400	16.49	19.39	21.53
1430	18.49	17.98	19.97
1500	18.48	17.61	19.78
1530	16.46	17.87	19.85
1600	15.47	18.71	20.95
1630	18.48	35.31	37.99
1700	18.96	49.16	62.05
1730	18.96	48.37	51.08
1800	19.95	48.85	49.81
1830	17.27	17.55	19.44
1900	25.17	16.99	18.64
1930	25.22	17.24	19.17
2000	24.89	21.56	23.55
2030	27.84	21.65	23.52
2100	17.82	21.25	23.15
2130	17.81	17.29	19.10
2200	17.81	17.18	18.94
2230	15.82	18.47	18.23
2300	16.81	15.69	17.64
2330	14.75	16.06	17.82
2400	9.02	12.73	14.51

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £19.89/MWh becomes 1.989p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0113 [illegible] between 8.30am and 4.15pm Monday to Friday.
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INTERNATIONAL COMPANIES AND FINANCE

AMD hit by decline in chip sales

By Louise Keho in San Francisco

Advanced Micro Devices, the US semicouductor manufacturer, reported sharply lower earnings for the third quarter, well below Wall Street projections, as sales of its microprocessor chips declined.

Sales for the quarter were $590.4m, up 9 per cent from the same period last year wheu sales were $543.1m. Net income for the period was $56.2m, a decline of 33 per ceut from $84.1m in the third quarter of 1994. Net income per share was 52 cents against 83 ceots in the same period last year.

Last mouth AMD warned that its earnings would be lower than expected due to a decline in reveuues from its 486 microprocessors, whicb have been overtaken by fifth-generation Pentium chips from Intel, the market leader.

Analysts, who had been projecting third-quarter earnings of about $1.01 a share, lowered their estimates to about 67 cents. The results were, bowever, far worse than even the most pessimistic projections.

AMD said 486 microprocessor unit shipments were flat and prices fell sharply as it tried to encourage continued use of the chips by personal computer manufacturers.

However, the PC industry is shifting rapidly to higher performance Intel Pentium chips and AMD has fallen behind.

Although the company is developiog Pautlum-class chips, these are not expected to be available until next year. It was unlikely that AMD microprocessor reveuue growth would resume until these new devices were available, said Mr W.J. Sandars III, AMD chairman and chief executive.

"We believe tbe personal computer market is healtby but many of our customers depleted 486 inventories in the third quarter as the transition to fifth-generation microprocessor-based systems proceeds," said Mr Sanders.

AMD said sales of its other products, led by flash memory, communications and programmable logic chips recorded strong sales gains, up about 40 per cent over the same period last year. For the year to date, AMD reported revenues of $1.84bn, up 16 per cent on the same period last year. Net income was $244.9m, or $2.29, against $256.7m, or $2.54, for the first nine months of 1994.

Internet providers come of age

The planned acquisitioo of Unipalm, the UK's leading commercial internet service provider, by Uunet Technologies, its counterpart in the US, signals that the fast-paced Internet service provider market is beginning to mature.

The price being paid by Uunat for Cambridge-based Unipalm – although somewhat below the wildest estimates – confirms the continuing enthusiasm for the relatively few Internet stocks in the wake of Netscape Communications' spectacular dabut ou Nasdaq earlier this summer.

However, the Internet service providers' market has become increasingly competitive over the past 18 months, leading many analysts to predict an early shake-out similar to those which have reshaped the cellular telephoue and otber emerging technology-based service industries.

Analysts believe many of the smaller Internet service providers will be forced to merge with larger businesses because of the costs involved in building market share.

The rapid growth of interest in the Internet in recent years has spawned dozens of service providers on both sides of the Atlantic, including some which simply repackage capacity bought from the main internet service suppliers, such as Unipalm's Pipex subsidiary.

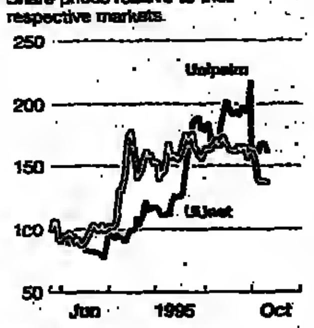
In the UK, there are uow several dozen service providers, ranging from small bobbyist operations to large commercial outfits. These includes Pipex, which has more than 780 corporate customers, up from 200 18 months ago, and Demoo Internet, one of the pioneers of cut-price Internet connections for individnals.

As well as providing dial-up and dedicated leased-line telecommunications links to the Internet, the larger of these service providers – including Unipalm and Uunet – also provide corporate customers with a range of other services, including consultancy. More recently, the surge of commercial interest in the Internet has attracted the attention of the main telecoms carriers such as American Telephooe & Telegrapb in the US and British Telecommunications, which has recently launched Internet service packages.

Similarly, existing commercial consumer online information service companies such as CompuServe America Ou-Line and Prodigy have been scrambling to launch their own internet services in a bid to grow their customer base. However, relatively few companies are making money out of the internet. For example, Unipalm reported pre-tax profits of just £442,000 ($697,299) on turnover of £17.7m in the year to end April. Unipalm's software distribntion accounted for £14m of business and made £1.53m in profits, while Pipex, which offers the Internet conoectiou, incurred a loss of £1.09m on turnover of £3.76m. The Pipex losses – and the deal with Uunet – reflect Unipalm's strategy of going for growth. "We always knew that we needed to be global and that it was all about volume and scale," says Mr Christopher Batterham, Unipalm finance director.

Internet stocks

Share prices relative to their respective markets



Source: FT Extel

Accordingly, Unipalm, which also sells a range of networking and Internet software, has already exteoded its international presence, and Pipex service is available in 24 countries including many in Europe and Africa.

In America, Uunet, which was formed in 1987, was the first commercial Internet access service provider. It now has over 8,700 commercial and professional accounts, many of them large US businesses.

By the end of this year, the company aims to provide local dial-up access to the Internet in 230 cities in the US and elsewhere, and the goal is to raise the total to more than 300 cities by the end of next year.

Uunet's network infrastructure includes an advanced high speed asynchronous transfer mode (ATM) network backbone.

The company went public in May at an offering price of $14. For the first half of this year it reported revenues of $16.9m, up from $5.1m in the same period a year ago. Net losses for the first half were $1.4m, compared with a net deficit of $2.5m in the first half of 1994.

Earlier this year, the company sold a 15 per cent stake to Microsoft. Uunet also entered into an agreement to build the infrastructure for the software group's new onlina service, Microsoft Network. Uunet's acquisition of the UK company will belp it carry out this overseas element of this project.

Yesterday the company said the acquisition represented the "first building block" of a European expansion.

Louise Kehoe and Paul Taylor

Fidelity Magellan trims weighting in technology

By Maggie Urry in New York

Fidelity Magellan, the mutual fund, trimmed its weighting in the technology sector in August, new figures show. Its heavy weighting in technology stocks has helped it to a more than 40 per cent rise in assets so far in 1995.

From a 45.1 per cent weighting in technology stocks at the end of May, the weighting dropped to 41.9 per cent by the eod of August. In Tuesday's slump in technology stocks the fund's net asset value dropped $1.3bn to $50.1bn.

There have also been big shifts in the rankings of the top 10 holdings in August, with IBM dropping from first place to fifth and General Motors falling from second to ninth, while Chrysler rose from sixth to second.

The Magellan fund, managed by Mr Jeff Vinik, has been a high-profile investor in the technology sector which has led the US stock market higher this year.

However, the sector has come under pressure in recent weeks as analysts' expectations for earnings growth have raced ahead of the companies' ability to produce rapidly rising profits.

Rumours that Mr Vinik could be selling technology stocks have unsettled the market. However, Fidelity never comments ou its portfolio strategy and it is only when it publishes monthly figures ou its funds that analysts can attempt to deduce what a fund has done.

Mr Vinik's fund started 1995 with 37.4 per cent of its theu $36.4bo of assets in the sector. With the rise in the market and new money flooding into the fund, its assets have riseo to more than $50bn.

After peaking at 45.1 per cent – which at three times the weighting of the sector in the S&P500 index, represeuts a substantial commitment to the technology stocks – the weighting drifted lower over the summer.

At the end of August the proportioo of assets beld in cash had risen to 3.1 per cent, up from 1.9 per cent at the end of July. This soggests that Mr Vinik was less enthusiastic on the technology sector in tbe month, although it does not appear that major selling took place.

Of the top 10 stocks, seven of those on the list at the end of May are still there.

Intel fell out of the top 10 in July and Texas Instruments dropped oot in August replaced by Columbia-HCA which came in at tenth.

Micron Technology moved up from third to first. Caterpillar, a cyclical stock, rose from 10th place at the end of June to fourth at the end of August.

FMR Corp cuts stake in Apple

FMR Corp, the parent of Fidelity Investments, has cut its stake in Apple Computer from 11 per cent to 2.5 per cent in recent weeks, according to a filing with the Securities and Exchange Commission, writes Maggie Urry.

This is a further sign that the Fidelity mutual fund management group is cutting its weightiugs in technology stocks.

Apple bas disappointed the market this year, plagued by prodnction problems ou its personal computers and fading hopes of a takeover.

The SEC filing showed that FMR's holding in Apple had fallen from 13.29m shares reported on July 7, to 3.08m shares.

Apple's shares were up $⅝ in early trading yesterday at $34⅞, barely above their year's low of $33⅝. The shares' high for the year was $50⅞.

Fannie Mae ahead for third quarter

Fannie Mae, tbe largest provider of mortgage funds in the US, earned a record $697m in the third quarter, up 10 per cent on the $543m made in the same quarter of 1994. Earnings per share rose from $1.98 to $2.17, writes Maggie Urry.

The company, which borrows in the capital markets to buy mortgages from lenders, lifted net interest income from $728m in the third quarter of 1994 to $778m, reflecting a rise in the mortgage portfolio from $214bo to $240bn.

Although the spread between the interest rate it pays and the rate it receives was tighter in the latest quarter, at 117 basis points compared with 125 basis points a year ago, it was higher than the 113 basis points made in the second quarter of 1995.

There was a slight rise in guaranty fee income, fees earned when Fannie Mae guarantees the paymeot of mortgages which it packages as security to back bond issues. These climbed to $272m from $267m in the second quarter. The figure was flat against the same period a year ago.

Foreclosures fell, with 3,450 homaa repossessed against 3,557 in the same period last year. As a result, the costs of foreclosures and loan losses fell from $93.3m to $81.7m year-oo-year. For the first nine months, oet income was up 10 per ceut from $1.58bu to $1.74bo; earnings per share went from $5.75 to $6.31.

PolyGram arm agrees Venezuelan purchase

PolyGram's Miami-based unit PolyGram Latin America has reached agreement to acquire all of Rodven Records of Veoezuela for $57m, AFX News reports from Amsterdam.

Based in Caracas, Rodven is Latin America's largest independent record business.

The purchase will increase PolyGram's share of the $2bn Latin American music market to 16 per cent from 13.5 per cent.

It will also double PolyGram's share of the Hispanic music market in the US, and significantly increase its businesa in Colombia, PolyGram said.

Rodven was establisbed in 1980 and has aubsidiaries in Colombia, Mexico and the US. It is currently owned by its founders, Mr Rodolfo Rodriguez-Miranda and the Cisneros Group.

Mr Rodriguez-Miranda will act as consultant to PolyGram Latin America for one year, PolyGram said.

Rodven's assets in Colombia, Mexico and the US will be integrated into PolyGram's existing operations under local management, while a uew PolyGram subsidiary will he established in Venezuela. This will be PolyGram's seventh in Latin America.

Mr Carlos Sanchez, Rodveu Colombia managing director, will be appointed managing director of the new PolyGram Vanezuela, PolyGram said.

Nynex and IBM to develop joint network

Nynex, the US telecoms group, and International Business Machines are to jointly develop a computing network aimed at the business market, that carries voice, data, image and video to the desktop, Reuter reports from New York.

Newbridge Networks Corp will work with Nynex to enhance tha business services.

As part of the deal, Bell Atlantic, the US telecoms company, and Nynex will introduce a high-speed data channel linking businesses in New York City and uorthern New Jersey from early 1996. Pacific Telesis, another telecoms group, and Nynex will work oo a similar link.

The alliaoces were announced as part of Nynex's strategy, called Impower, whicb includes local area networks, shared software, messaging, Internet access, applications software accessible from the network, and systems integration to manage this for customers. Nynex will provide the uetwork components thet will allow asynchronous transfer mode (ATM) technology to be used. ATM is an amerging standard for rapid data and broadband transmissiou over coaxial cable and fibreoptics.

But with legislation opening up more of its markets, Nynex has deeper aims through Its alliance.

"Nynex must aggressively enter new markets through informatiou technology alliances that provide abilities our customers are asking for," said Mr Ward McKenzie, Nynex vice-president for business oetworks.

Analysts have noted that companies sucb as MFS Communications have successfully poached some of Nynex's most precious Manhattan businesa clients by focusing on data networks.

They see the latest deal as giving Nynex a powerful capability to strike back.

هكذا من الأصل

INTERNATIONAL COMPANIES AND FINANCE

The Latin American connection

Stet International is nurturing a strategic presence, writes Sally Bowen

The aggressive winning bid by Stet International of Italy for Entel, Bolivia's state telecommunications company, provides a boost for the government's ambitious capitalisation programme. It also marks a new phase in the struggle for position in the potentially lucrative Latin American telecoms market.

Bolivia could be viewed as something of a consolation prize for Stet in its quest for international expansion: the Italian company has recently lost bids in both Hungary and Czechoslovakia.

Latin America, however, looks more promising for the state-controlled enterprise which is itself set for privatisation.

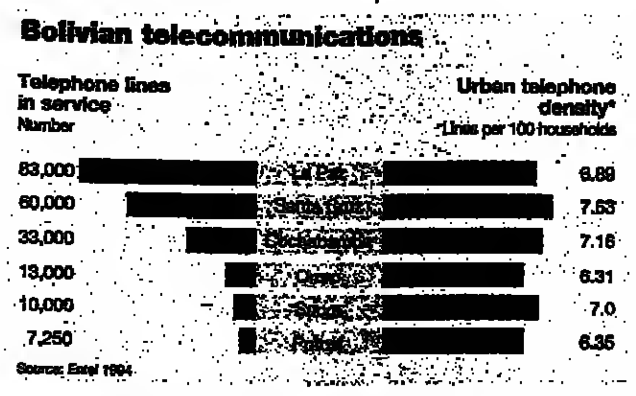
Stet has an important atake in Telecom Argentina and, through its subsidiary Telecom Italia, in Chile's VTR Telecommunications. Most recently, Stet lodged the highest bid for the 20 per cent private placement of Entel Chile shares.

Analysts say thet, with its Bolivian acquisition, Stet is strategically positioned in the geographical centre of Latin America, with all the advantages that implies for satellite communication and fibre optic links.

It could also emerge as an important player in the forthcoming privatisation of the vast Brazilian telephone systems.

Stet's bid valued Bolivia's Entel at $1.22bn and was more than double the offer from runner-up MCI of the US. "It was certainly a very good bid, but within our expectations and projections," said Mr Doyle Gallegos, senior adviser to Bolivia's capitalisation ministry for the Entel transfer.

Bolivian telecommunications



Entel'a gross revenues in 1994 were $116m; net earnings before exceptionala were $30.5m.

Telefónica de España, widely expected to be a strong contender, disappointed Bolivian officials with an offer of just $162.5m. Telefónica has built up a strong presence in Latin America in the past couple of years, culminating in last year's $2bn purchase of a 35 per cent controlling stake in Peru's telecommunications sector.

Stet'a bid was almost as far ahead of rival offers as Telefónica's for the Peruvian telecoms in February 1994. Stet clearly placed a higher value on Bolivian potential than did rival bidders.

The Italians may also have been less nervous than other potential partners over possibly tortuous relations with the Bolivian telephone co-operatives, which handle local services.

Stet has a strong and agile Bolivian partner lined up in Mr Fernando Camparo, a respected former minister who set up the country'a first cellular operation. Ha is expected to taka a key minority stake in the new company.

"The purchase price looks attractive for Stet even though tha sacond highest bidder, MCI, offared only half as much," said Salomon Brothers in an assessment of the purchase. It calculated the price at 3.1 times 1996 pro forma revenue and 6.6 times operating cash flow.

For its $610m, Stet acquirea a six-year monopoly and a 40-year concession over long-distance and international services, plus cellular, paging and cable licences. Distorted rates will be adjusted. In return, Stet is contractually bound to improve Bolivia's level of telephone penetration, currently the lowest in Latin America witb around four lines per 100 inhabitants.

Stet is committed to doubling the 243,000 access lines in service, and providing telephones for every community of 300 inhabitants or more. Installation and repair time are also to be substantially reduced.

Analysts expect rapid post-capitalisation expansion in both fixed-line and cellular services. Demand for telephones has consistently outstripped GDP growth which, in Bolivia, has been a steady 4 per cent for the past decade.

Stet'a offer came under the Bolivian government's idiosyncratic capitalisation programme.

Unlike standard privatisation procedures which give a one-time boost to treasury revenues, aix of Bolivia's leading atate companies have been offered to "strategic partners". These pledge investment equivalent to the value of 50 per cent of the new company.

The Entel capitalisation is the second in a series of six. Three power generation companies were capitalised in June for a total of $145m.

Next on the timetable is state airline Lloyd Aereo Boliviano (Lab), to be followed by Enfe, the state railway, the Vinto smelter complex and – the most glittering prize – oil and gas company YPFB.

So far, capitalisation has raised some $760m. The programme is due to be completed by the end of next year.

Existing shares in each of the capitalised companies will be deposited in pension funds in tha individual names of all adult Bolivians, probably during 1996. A restricted number of companies will be authorised to provide fund management services.

Sea Containers' new deal

By Mark Ashurst

Sea Containers, the Bermuda-based leisure, ferry and container leasing group, has acquired a 19.9 per cent stake in the Charleston Center, North Carolina. The property, acquired for an undisclosed sum, is the second purchase in a $60m investment programme for the leisure division.

Last month, Sea Containers acquired New York's celebrated 21 Club, a former speakeasy once favoured by F Scott Fitzgerald and famed for its power lunches. The Charleston Center comprises the 440-room Charleston Palace hotel and shopping complex. Mr James Sherwood, president of Sea Containers, estimated turnover at about $30m. He said the group would upgrade the four-star hotel.

It would be managed by Orient Express Hotels, a wholly-owned subsidiary of Sea Containers whose properties include the Hotel Cipriani in Venice.

Blackstone extends links

By Nicholas Denton

Blackstone Group, the US corporate finance boutique, has extended its international network through an alliance with Skandinaviska Enskilda Banken, the Swedish bank.

The two institutions have agreed to form an alliance to provide advice on the increasingly frequent cross-border mergers and acquisitions involving companies in the US and Nordic countries.

Enskilda joins institutions such as Nikko Securities of Japan, Hambro Magan of the UK, Banque Indosuez of France and Sal. Oppenheim of Germany, which have linked with Blackstone to handle cross-border transactions.

Blackstone, and a few other loose international alliances, such as the three houses which make up Lazards, have stood aside from the global trend towards integrated institutions which cover a wide area of businesses from M&A to securities trading.

AMERICAS NEWS DIGEST

Halliburton spins off insurance unit

Halliburton, the US oilfield services company, plans to spin off its Highlands Insurance Group unit to shareholders by the end of this year.

It will distribute to its shareholders one Highlands common share for every 10 Halliburton common shares held. The distribution dates will be set later this year.

Halliburton and Highlands have entered into definitive agreements with Insurance Partners L. P., a private investment group. Insurance Partners and Highlands management will invest $60m in Highlands on completion of the spin-off, in exchange for debentures and warrants. These will allow Insurance Partners to acquire up to about 43 per cent of Highlands common shares for about $130m. Halliburton will not receive a cash dividend or securities from Highlands in connection with the deal.

When the spin-off is completed, Mr Richard Haverland will become chairman and chief executive of Highlands. He has more than 25 years of insurance industry experience.

The spin-off of Highlands will complete Halliburton's divestiture of its insurance services business segment. A life insurance company was sold in 1988, and a healthcare management company was sold in 1992. *AP-DJ, Dallas*

Alberta's Syncrude stake sold

Torch Energy Advisors of Houston, Texas, has bought the Alberta government's 11.7 per cent stake in Syncrude, the world's biggest synthetic oil producer, for C$352m (US$263m). Torch will finance the deal – which will leave the Alberta government with no equity in Syncrude – by raising C$265m, partly from the markets.

Syncrude supplies about 12 per cent of Canada's domestic crude oil market. It strip-mines oil sands in northern Alberta and extracts and processes bitumen into oil for use in an Edmonton refinery. The company is profitabla at current low oil prices, and plans to expand production from 190,000 barrels a day to 217,000 barrels.

Torch is headed by Texas financier Mr J. P. Byan, who also owns 25 per cent of Gulf Canada. Gulf already owns 9 per cent of Syncrude, while Imperial Oil (Exxon) has a 25 per cent stake. Petro-Canada has 12 per cent and Murphy Oil of the US, 5 per cent. The 11.7 per cent Syncrude stake will be rolled into Athabasca Oil Sands Trust, which will make the public offer of special units. Gulf Canada will buy 20m units for about C$200m. The balance will be sold to the public.

Robert Gibbens, Montreal

Goodyear steady for third term

Goodyear Tire & Rubber expects third-quarter net income of between $153m and $159m, or $1.01 to $1.04 a share, compared with $151.3m, or $1, a year earlier. The US tyre company said its third-quarter sales should exceed $3.2bn, against $3.12bn in the 1994 period.

It said its results reflected continued strength in Europe and reductions in selling, administrative and general expenses.

AP-DJ, Akron, Ohio

Bank of Boston acquisition

Bank of Boston is to acquire Boston Bancorp and its South Boston Savings Bank subsidiary for about $40m more than the adjusted net book value. The purchase price will be paid in Bank of Boston common stock, valued at the time of closing, tha company said.

The companies estimate that Boston Bancorp shareholders may receive between $39.50 and $42.50 a share of Bank of Boston stock. *Reuter, Boston*

CONTRACTS & TENDERS

REPUBLIC OF VENEZUELA
MODERNIZATION OF THE JUDICIAL SECTOR
INVITATION FOR THE EXPRESSION OF INTEREST

The Consejo de la Judicatura of the Republic of Venezuela has received a loan from the World Bank (US$30 million equivalent) to finance the procurement of goods and services under Judicial Infrastructure Project No. 3514-VE. The fundamental objectives of the project are to reduce the social and private costs and improve the management and efficiency of the Venezuelan Judicial System. The project has four components: (a) institutional modernization of the Consejo de la Judicatura; (b) modernization of the administration of the courts; (c) strengthening of the Judicial School; and (d) construction and rehabilitation of judicial buildings. The components (a), (b), and (c) are being financed by both the Government of Venezuela and the World Bank, while component (d) is being fully financed by the Government of Venezuela.

The purpose of this announcement is to solicit institutions and organizations of eligible member countries of the World Bank and consulting firms and individual consultants, both national and international, that have experience in the diagnostics, design, implementation, and evaluation of judicial systems and the modernization of the judicial sector, and who are interested in being included in the corresponding selection process. Based on the information received, the Consejo de la Judicatura will prepare one or more ahort lists of applicants that will be invited to present proposals. The letter of invitation will include the terms of reference, contractual conditions and the cootract form.

The areas of consultancies may include the following:

- judicial sector policy formulation and advice; laws and judicial procedures; judicial institution restructuring; strategic planning and coordination; judicial statistics, budgeting and accounting; judicial salary and incentive system, human resource management; management information system; judicial fees and other costs; access to justice; access to information; judicial decentralization, monitoring of efficiency and quality of the judicial system; etc.

- organization and structure of the courts, their system of accounting, organization of judge's workload, legal database system, case management (including distribution, recordkeeping, notification); alternative dispute resolution mechanisms; computerization; security and maintenance of judicial buildings, architectural design of judicial buildings; space utilization of courts; etc.

- training for judges, public defenders, counsels, and other officials; curriculum design; identification and design of short courses and specialized seminars; research and statistical analysis; judicial surveys; promotion and communication; etc.

The contracting of consultant services will be carried out in accordance with Norms of the World Bank for Use of Consultants, August 1981.

Those interest in one more of the areas mentioned should send available information regarding their capability and experience in the following outline form:
-Structure of the institution, organization, firm etc.
-Experience in work similar to that explained above.
-Experience in Latin American and other countries.
-Curriculum vitae of key people (applicable to individual consultants, with experience in one or more areas explained above), and degree of proficiency in the Spanish language.

The information should be sent before October 25, 1995 to:

Dra, GISELA PARRA MEJIAS
Magistrado of Consejo de la Judicatura
National Director of the Judicial Infrastructure Project
Project Implementation Unit
Avenida Urdaneta, Esquina de Candilito,
Building Doral Centro, Tower "C", 4th Floor, Office No. 42
La Candelaria, Caracas, Venezuela
Telephone: (Code 582) 576-3637. Facsimile: (Code 582) 561-3169

INTERNATIONAL COMPANIES AND FINANCE

Buoyant demand prompts NEC to raise PC forecast

By Michiyo Nakamoto in Tokyo

NEC, tha Japanese computer and electronics maker, yesterday made a sharp upward revision of its projected personal computers sales this year because of buoyant demand at home and abroad.

It now expects unit sales of its PCs to increase 65 per cent from last year's level to 3.56m units, compared with an April forecast of 2.75m units.

The revised forecast highlights the strength of NEC's operations in Japan in the face of a fierce challenge by US computer manufacturers to its dominance of the market.

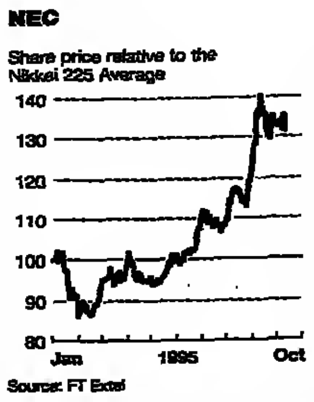
NEC, whosa PCs use a proprietary standard, has more than a 50 per cent ahare of the Japanese market. The growing popnlarity in Japan of IBM-compatible machinea, which were launched there at low prices, had been putting growing pressure on the company.

NEC has increased the proportlon of foreign-procurad parts to lower its prices. On average, its PCs carry about 50 per cent of foreign-procured parts from the US and Asian countries.

This year, domestic unit sales are expected to grow 66 per cent to 3m units on

NEC

Share price relative to the Nikkei 225 Average



Source: FT Extel

demand from corporate and individnal users. Overseas sales are being supported by firm demand in the US for NEC's multimedia PCs, which have been particularly popular among retailers.

Unit sales overseas are forecast to increase 60 per cent to 560,000 units. Exports, however, are expected to fall sharply as a result of the shift of production outside Japan.

The declining prices of PCs, however, has meant that on the basis of sales value, NEC expects a smaller increase in the current year.

Overall, PC sales will increase 25 per cent from Y755bn to Y940bn ($9.3bn), NEC said.

Domestic sales are forecast to rise 26 per cent to Y670bn, while overseas sales are expected to increase 20 per cent to Y270bn.

Ms Naoko Ito, industry analyst at Goldman Sachs in Tokyo, said NEC's dominance of the market owed much to its formidable distribution and service support operations. The company has 7,000 dealers nationwide and 80 additional service support bases.

In Japan, where many consumers are first-time buyers or relatively inexperienced users of PCs, an established nama and strong service support are important in winning customers.

While Ms Ito believes US makers of IBM-compatibla machinea will gradnally increase their domestic share she said they would have to work on building up their distribution and service support networks.

For example, Fujitsu, which has strong networks, has emerged recently as NEC'a biggest competitor on a low-price marketing campaign.

Fujitsu also revised its PC unit sales forecast in June from 1m units to 1.3m units and has set an internal target of 1.5m units. This is more than triple its PC shipments last year of 450,000 units.

David Jones float to cut debt

By Nikki Tait in Sydney

David Jones, Australia's second largest department store retailer, plans to use almost all the proceeds of a A$800m (US$606m) public float next month to repay debts.

The shares are being sold by DJL Limited, part of the troubled Adsteam group of companies.

The company, which operates 29 department stores, had already indicated it planned to go ahead with a stock market flotation, but details of the offer were only revealed yesterday.

The public will be offered shares at A$2.15 each. Institutions, however, will be invited to bid for stock in a range of A$1.95 to A$2.15 a share.

In the event that the institutional price is set below the fixed offer price, private investors will receive a refund.

There are 375m shares for sale, suggesting that the process will raise betweeo A$731m and A$806m.

In its prospectus, David Jones forecasts a 6 per cent increase in sales during 1995-96, to A$1.53bo – made up of a 3 per cent rise on a comparable store basis, and the remainder from new floorspace.

However, Mr Chris Tideman, chief executive, cautioned that "due to relatively subdued retail trading cooditions experienced in the opening weeks of 1995-96, David Jones expects comparable store sales to be weaker in the first quarter, than for the full year".

The company, which expects to account for 12.8 per cent of the department store sales sector, said earnings before interest and tax should rise by about 10.6 per cent to A$111m in the current year to July 1996.

After net interest charges of about A$10m, this would leave pre-tax profits at A$101m and after-tax profits at A$64.6m.

Forecast earnings per share are 17.2 cent, giving a price-earnings multiple of 12.5 times at the fixed offer price.

David Jones also forecast a 12 cents a share dividend, offering a yield of 5.6 per cent at the fixed offer price.

The company, which was set up by a Welsh-born retailer in Sydney in 1838, is looking to open new, or replacement stores at a rate of about two a year in the medium term.

CSR warns of profits decline

By Nikki Tait

CSR, the building products, aluminium and sugar group, yesterday joined the lengthening list of Australian companies warning that the slowdown in the country'a housing market would lead to a dip in profits.

CSR said it expected trading profit for the half-year to end-September to be about 15 per cent below the corresponding perlod last year, while the reduction after abnormal items would be about 10 per cent.

In the first half of 1994-95, operating profit before interest and tax was A$406.4m (US$307.8m) and oet profit both before and after abnormals was A$225.2m.

CSR said three businesses had been adversely affected by reduced demand from the housing and construction markets – building materials, construction materials and its timber products division. On the last score, it noted that prices for softwoods had fallen by 15 per cent and demand for wood panel products had fallen.

The company also warned that three weeks of unseasonable wet weather had affected its sugar operations, increasing costs and reducing mill efficiencies. "However, the major impact was to defer prodnction and about A$10m of after-tax profits from the first half to the second half-year," it said.

CSR added that intense competition in the Australasian refined sugar markets would cause this business to record a small loss for the half year.

However, he said the aluminium operations would see record half-year profits, due to good prices, as would the North American businesses.

Reliance Industries ahead 33% at halfway

By Shiraz Sidhva in New Delhi

Reliance Industries, India's largest private sector company, registered a 33 per cent increase in net profit from Rs4.77bn to Rs6.33bn ($187m) in the first six months to September 30.

The textiles and petrochemicals conglomerate aaid sales increased 20 per cent from Rs32.94bn at last year's interim stage to Rs39.66bn this time.

In the late 1980s, Reliance embarked on capacity expansion programmes in its core textiles and petrochemicals businesses in order to exploit the growing market for synthetic textiles, polyesters and plastics.

The company has so far incurred capital expenditure of Rs3bn to improve capacity in its textiles products. It is setting up a purified terephthalic acid project at Hazira, with a capacity of 350,000 tonnes a year.

● Infosys Technologies, the Bangalore-based software company, yeaterday reported a 45.2 per cent increase in net profits, from Rs55.2m to Rs80.1m for the six months to September. Turnover rose 60.7 per cent to Rs389.3m. Infosys was founded by seven software engineers in 1981 and now has a list of international customers that includes Holiday Inn and Nordstrom, the US retail chain.

Worse outlook for Japanese life insurers

By Gerard Baker in Tokyo

Standard & Poor's, the US credit-rating agency, said yesterday it had revised downward its industry outlook for Japanese life insurers as a result of sluggish earnings and declines in asset values.

The agency said life insurance companies were "troobled by the persistent negative spread in some savings prodncts, the inability to source low-risk assets that yield appropriate returns to match liabilities and deterioration in loan asset quality".

The outlook for the industry had been generally depressed by the country's protracted economic downturn and weak returns on insurers' investments.

Furthermore, a declining stock market bad snbstantially reduced the amount of unrealised gains on securities held by life insurance companies.

Last week Moody's said it was downgrading the financial strength ratings of three of the leading life insurers.

S&P currently ratea life insnrance companies in a range between BBB and A, in line with the leading Japanese banks.

Overnight star lands new city role

Kieran Cooke on the resurgence of Malaysia's Renong group

Things are stirring in the plantations and farming lands of the southern Malaysian state of Johor. The planners are moving in to begin work on what is claimed to be the biggest private property project in south-east Asia.

A new city is being built on a 27,000 acre site and a secood bridge linking Malaysia to Singapore is being constructed nearby.

Behind both projects is Renong, a Malaysian conglomerate that is fast achieving blue chip status on the local market. "It seems to be Renong's decada," says a Kuala Lumpur broker.

It is heady stuff for a company that began life as a London-listed tin dredging concern earlier this century, later lapsing into relative obscurity as an investment holding company. But Reoong has some powerful friends.

Politics and business go hand in hand in Malaysia. In 1990 Renong acted as the vehicle for a reverse takeover of two concerns which controlled the multi-million dollar assets of the United Malays National Organisation (UMNO), the country's dominant political party. Overnight the company was transformed into oue of the country's biggest groups. Renong still retains close links with the country's political elite.

Mr Halim Saad, a 42-year-old billionaire, controls more than 30 per cent of Renong. Mr Halim is seen as a close associate of Mr Daim Zainnudin, a former finance minister and one of Malaysia's leading corporate wheeler dealers wbo acts botb as treasurer of UMNO and special economic adviser to the government.

Reoong now has 13 listed subsidiaries and associate companies plus more than 100 private concerns covering oil and gas operations, telecommunications, hotels and financial services. But infrastructure davelopment is the key to company fortunes.

Malaysia is in the midst of an ambitious infrastructure development programme designed to eliminate bottlenecks in the high-speed economy and propel the country into the league of industrialised nations by the year 2020.

Renong and its associated companies have won a large share of the work in the infrastructure sector. United Engineers Malaysia (UEM), a listed subsidiary, woo the contract to construct the 845km North-South Highway project stretching the length of peninsular Malaysia on a build, operate, transfer (BOT) basis, with a 30-year concession period.

UEM is also constructing the Malaysian side of the naw M$2.2bn (US$880m) bridge with Singapore: other work includes a M$554m contract to build a national sports complex for the Commonwealth Games, due to be held in Kuala Lumpur in 1998.

Another Renong aubsidiary has been given a M$4.35bo cootract to build and operate the second phase of a light rail transit system in the Malaysian capital. But it is the new city development in Johor which has turned Renong into ooe of the star performers this year on the Kuala Lumpur market. In February Renong shares were worth less than M$2.50. This week they have been trading around M$4.20.

Due to its proximity to Singapore, the state of Johor has been growing faster than the rest of Malaysia and land prices have been rising fast.

Prolink, a private company 65 per cent owned by Reoong, paid less than M$1 a sq foot for the land for the new city under prices controlled by Malaysia's land acquisitions act. A few months after acquiring its massive landbank, Prolink is oow selling off sections to be developed at M$17 per sq ft.

There are hopes that the new city – called Nusa Jaya – will attract investors from land-short Singapore, where prices of M$700 a sq ft are not uncommon. The plan is not only to encourage householders to invest in the new city: many of Singapore's industries could also relocate across the causeway in Malaysia.

"What Shenzhen is to Hong Kong so Nusa Jaya will be to Singapore," says a Singapore property developer. "Renong has its hands on the hottest piece of land in Malaysia."

Renong has built up a reputation as a group which can deliver complex projects on time. Analysts say it is well managed and has huilt up a sound operating structure.

But the group has its critics. Opposition politicians allege political patronage rather than corporate expertise has led to the rise in Renong'a fortunes. Many projects have been awarded without a tendering process: companies complain there is no transparency in the system.

Much of Reoong's income at present comes from toll collection on the North-South Highway. The highway was completed last year more than 12 months ahead of schedula. But at M$7bn, it cost nearly twice the original estimate: tolls are likely to be raised more than 30 per cent soon to cover financing and maintenance costs. Motorists and transport firms are accusing Renong of highway robbery.

The Renong group has gooe through numerous restructurings and internal share swap exercises: minority shareholders in its various companies have accused management of ignoring their interests. Meanwhile the Johor city project has run into problems. Some of those forced to sell land cheaply are taking court actioo. Political infighting could put the project in jeopardy.

Uodaunted, Renong is spreading its wings outside Malaysia. It recently purchased a controlling interest in the Manila Hotel, one of the Philippines most prestigious properties. In Vietnam the group is building an export processing zone near Hanoi and in Indonesia and the Philippines, Renong is pursuing toll road contracts.

COMPANY NEWS: UK

Merger plan buoys Lloyds, TSB shares

By John Gapper, Banking Editor

Shares in Lloyds Bank and TSB Group leapt yesterday after the banks' proposal for a £13.6bn ($21bn) merger received an enthusiastic reception in the City, and the possibility of another bank making a counterbid for TSB receded.

The banks estimate that they could save about £350m a year – or 10 per cent of combined costs – within four years.

Analyats said the figure could be an underestimate. They were encouraged by the potential for cost savings from combining technology and back office operations. Lloyds shares closed 49p up at 769p, while TSB shares closed 19p up at 369p.

Sir Brian Pitman, Lloyds' chief executive and the putative chief executive of the merged group, said Lloyds TSB would soon face a renewed choice of returning excess capital to shareholders through a share buy-back, or seeking a further acquisition. "It will not be long before we have surplus capital once more," he said.

The merger would be effected through a scheme of arrangement under which Lloyds shareholders would own 70.6 per cent of the combined group and TSB shareholders would own 29.4 per cent.

The scheme of arrangement will switch existing shares in the banks into shares of Lloyds TSB on the basis of one new share for each TSB and 2.704 new shares for each Lloyds. In addition, TSB shareholders would gain a special dividend of 68.3p net per share. This dividend would largely be paid out of TSB's capital reserves at a cost of £1bn.

Lloyds TSB would become tha third largest UK high street bank after Barclays and National Westminster. It would be established by the end of the year provided the proposals are approved by both sets of shareholders next month.

The banks said an unspecified number of their 69,000 staff would lose jobs, but redundancies would mostly be absorbed by natural wastage. They emphasised their commitment to keeping open most of the 2,850-branch network.

Sir Brian said the naw bank'a main operating advantage was that it would push down unit prices, allowing it to sell financial products more cheaply. "We will be able to offer 24 hours a day, 365 days a year service, and others will have to match us," he said. TSB and Lloyds will maintain separate identities, and there will be little amalgamation over the next two years.

Lloyds TSB: opening statement

	Lloyds	TSB
Staff numbers		
UK (approx)	43,000 (+3,500 C&G staff)	26,000
Group (approx)	80,000 (83,500 including C&G)	27,000
Number of branches	1,800 (+236 C&G branches)	1,050
Number of customers	7m (personal & business) +1.2m C&G customers	7m (personal & business)
Number of cash machines	2,457	1,943
Profit		
1995 (first half)	£735m (before tax)	£271m (before tax)
1994 (full year)	£1,304m (before tax)	£504m (before tax)
Cost income ratio		
1995 (first half)	61.5%	59.2%
end of 1994	64.3%	59.2%
Total assets		
1995 (first half)	£91,802m (+£20,298m C&G)	£36,032m
end of 1994	£81,357m	£34,702m

TSB half year to April 30, Lloyds half year to June 30.

N West Water set to win Norweb

By David Wighton

North West Water looked likely to win the takeover battle for Norweb after raising its offer to £1.8bn and increasing its stake in the Manchester-based regional electricity company to more than 25 per cent.

Rival bidder Texas Energy Partners said it was "considering its options" but analysts predicted it would turn its attention to other recs.

Norweb, which had recommended the original bid from Texas, took some hours before announcing that it would recommend North West's new offer. It said: "As at the time of this announcement, the board has no reason to expect that Texas Energy Partners will revise its current offer."

North West increased its cash offer by 75p to £11.50p, compared with the Texas offer of £10.85p, while the value of its cash and shares offer was increased to £11.61p or £11.99p including the tax credit for non taxpayers. Norweb's shares rose 61p to £11.47p.

Scapa purchase

Scapa Group, maker of industrial materials, is to acquire the woven products division of National Filtration Corporation, for $15m subject to the approval of the US regulatory anthorities.

The consideration comprises $350,000 cash on completion, a $13.65m loan note redeemable in January 1996 and a $1m loan note redeemable 18 months after completion. Scapa will also pay off debt of $6m.

Kingfisher

Kingfisher, the UK retailer, has bought the 51 per cent of shares it did not own in New Vanden Borre, its Belgian electrical retailing joint venture, for £2.5m ($3.9m) cash. The Belgian group had profits of £400,000 in the year to February 28 1995, on sales of abont £34.5m. It bas 18 stores in Belgium.

Suter threat to Hartons refinancing

By Geoff Dyer

The refinancing plans of Hartons Group, the plastic prodncts distribntor, are under threat after Suter, one of its biggest shareholders, said it would vote against.

Hartons plans to buy back its preference shares at 90p, to issue 52.6m ordinary shares at 8½p to Schuttersveld, the European plastics distribntor, and raise £3.6m through a 7-for-11 rights issne, underwritten by Schuttersveld, which would have ended with a holding of between 51 per cent and 71 per cent.

However Suter, the industrial conglomerate, said it would vote against the preference offer at the November 7 EGM. Its 31.3 per cent of the preference shares is aufficient to block the offer, on which the rest of the plans are conditional.

Pioneer Gold to float at up to $787m

By Christopher Price

Pioneer Goldfields will have a market valua of between $712m and $787m when the Ghanaian gold mining group floats on the London and Accra stock markets next month.

The pathfinder prospectus, published yesterday, set the offer price at between $9.50 and $10.50. About 20 per cent of the issued share capital is being offered, raising between $249m and $275m. The rest is being kept by PGL's ownar, Pioneer Group, a Boston-based fund manager.

PGL owns 90 per cent of the Teberebie Goldfields group, which in turn owns and operates the Teberebie gold mine in Ghana. The remaining 10 per cent is held by the Ghanaian government. The mine, which has been in operation since 1991, is the country's second largest gold producer.

After-tax income in 1994 amounted to $18.7m, based on gold production of 176,000 ounces. PGL said it expected to increase production to about 235,000 ounces this year, with a further rise to 400,000 ounces a year by 1998. Teberebie's proven and probable reserves at present total 9.2m ounces and at the latter rate of exploitation would give the mine a 20-year lifespan.

Mr Ln Girard, chief executive and managing director, said Pioneer Goldfields intended to pursue other mining opportunities in Africa. Expenditure to this and has been earmarked at $1.5m in 1996, $2.5m in 1997 and $3.3m a year thereafter.

The price put on the shares is at the upper end of market expectations and follows the successful float – also in London and Accra – in April last year of Ashanti Goldfields, now valued at about $1.8bn.

PGL, which has debts of $5.2m, received its first dividend from Teberebie of $3.5m in the first quarter of 1995.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Alexandra Workwear	28 wks to Aug 12	35.7	(33.3)	2.74	(2.16)	5.3	(4.3)	2.5	Dec 1	2.3	-	6
BMB Resources	6 mths to June 30	48.8	(42.2)	1.77	(1.38)	5.4	(4.2)	2	Nov 30	1.77	-	5.5
Bulgin (AF)	6 mths to July 31	10.45	(0.03)	0.66	(0.5)	1.53	(1.26)	-	-	-	-	0.25
Card Clear ϕ	6 mths to June 30	0.358	(0.116)	0.203L	(0.721L)	-	(-)	-	-	-	-	-
Crean (James) ‡	6 mths to June 30	130.7	(128.3)	9.61	(8.47)	12.7†	(13.5)	6.225	Dec 15	5.925	-	14.175
Energy Cap Inv	6 mths to June 30 ■	0.572	(0.068)	0.424	(0.029L)	1.62	(0.16)	-	-	-	-	-

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Old Mutual S Africa	14 mths to Aug 31	128.58	(-)	1.56	(-)	2.98	(-)	2.64	Nov 30	-	2.64	-

Dividends shown net. Earnings shown basic. Figures in brackets are for corresponding period. ϕAim stock. ‡Irish currency. †On increased capital. ■Comparatives for 9 mths and restated.

COMPANY NEWS: UK

Fate sealed in the small hours

Daniel Green on the phone call that ended Fisons' 50-day resistance

At just after 4am yesterday, four men agreed that Rhône Poulenc-Rorer, the US drug company, should take over its UK rival Fisons.

The long night of talks had been triggered by a telephone call from Mr Stuart Wallis, Fisons' chief executive, to Mr Robert Cawthorn, chairman of RPR. Mr Wallis had said simply that the board of Fisons had earlier in the day agreed to accept RPR'a hostile a 265p a share offer. Fifty days of resisting the hostile takeover attempt was over.

They and tbe two others involved in the all-night talks, Mr Michel de Rosen, RPR's chief executive, and Mr Paddy Linacre, Fisons' chairman, are today preparing to bury Fisons in RPR's asthma division.

The first meetings designed to create a gronp of executives to oversee the merger are already planned. Mr Wallis has offered his services to RPR to make the changaover as smooth as possible. But whatever happens now, ha and many others currently employed by Fisons are likely to be working aomewhere alse in a few months.

The merged and reorganised business should make RPR one of the world's leading companies in asthma and allergy medicine, the fastest growing of tha medical areas. That means job losses are likely wherever the companies' businesses overlap. Top of the list, says Mr Cawthorn, is going to be the US. There are more than 400 in RPR's asthma products sales force, while Fisons' bas over 300, and the two will be merged.

The overlaps in the UK and France, home of RPR'a parent company, cbemicals group Rhône-Poulenc, are smaller.

This is largely because respiratory disease, which is Fisons' forte, represents only 10 per cent of RPR's $4.5bn (£2.9bn) of annual sales.

RPR employs 400 in the UK businesa. Research, development and manufacture is centred at Dagenham, Essex, and marketing in Eastbourne, Sussex. Bnt the manufacturing operation is concerned with anti-inflammatory and cancer drugs, and R&D is skewed towards research rather than development.

The fit with Fisons appears good. Fisons sold its R&D arm to Astra of Sweden earlier this year and manufacturing is as mūch to do with filling asthma inhalers as creating the drugs themselves.

French workforces are unlikely to be hard hit, says Mr Cawthorn, becausa the respiratory area there is small.

Mr Wallis's future at Fisons/RPR is clearer. He left his previous job helping restructure Bowater, now called Rexam, because be was "bored", and is unlikely to be happy taking orders in a French-controlled US company.

However, he is not likely to be short of joh offers. He joined Fisons a year ago and spent three months studying the business. In January this year, when Fisons' share price bovered at just over 100p, he said he intended to sell some of the businesses and that a break-up or takeover was a possibility. At the time be thought it would take abont a year to execute this plan.

It happened rather more quickly than that, and Mr Wallis still has regrets that the plans will not continue to fruition. His consolation is that under his control the valne of the business has more than doubled in less than a year.

Anagen distributor seeks to withdraw

By Motoko Rich

Shares in Anegen, tbe diagnostic equipment company, fell nearly 30 per cent yesterday after its main distributor announced that it no longer intended to market its leading product.

Organon Teknika, the Akzo Nobel subsidiary which agreed in 1993 to sell Anagen's AuraFlex diagnostic system, said it was seeking to terminate its distribution contract.

AuraFlex, an automated immunoassay system for detecting various deficiencies in blood samples, was due to be launched worldwide this month.

Anagen's shares dropped 28p to close at 72p.

Mr Mervyn Sennett, Anagen's managing director, said: "We were absolutely stunned by Organon's decision."

To date, Anagen has invested about £25m in developing AuraFlex, while Organon has spent about £20m.

Mr Sennett said the group was in conversations with other potential partners.

According to Mr Sennett, Organon made its decision last Friday. He said the company believed it did not have the strength to break into a market wbere competitors that were already selling similar products included Abbot, the pharmaceuticals company, and CIBA Corning Diagnostics.

Mr Ton Stapexecutive vire-president at Organon, said a delay in the product launch – originally scheduled for early 1994 – bad meant that the market had "changed considerably".

Exchange rates limit Crean rise

By John Murray Brown, in Dublin

James Crean, the Ireland-based diversified industrial group, reported a modest 5 per cent rise in pre-tax profits from I£9.05m to I£9.5m ($15m) for the six months to June 30, reflecting adverse currency movements.

The group, involved in foods, electrical goods and print paper and packaging, increased sales by 2 per cent from I£128.3m to I£130.7m.

However, pre-tax profits in continuing activities rose 13 per cent to I£9.61m. There was a strong operating performance in local currency terms from its US and UK businesses, belped by its 71.2 per cent bolding in the Inishtech Group, although the Irish operation remained flat.

Earnings per share were down 6 per cent to 12.7p (13.5p) and the interim dividend is increased by 5 per cent from 5.925p to 6.225p.

In line with its continuing rationalisation, the group has disposed of EJA, its Dutch office products company, for I£4.8m, half in cash and half in deferred promissory notes.

EJA reported a I£90,000 loss, compared with profits of I£580,000.

The board said results for the year could he sligbtly down. It expected trading to be weaker in the second half in the UK electrical wholesaling and in the frozen meals segment of its US food business where it had been decided to commit substantial promotional expenditure to regain market share conceded in the first half.

Eurotunnel says 1996 will be a 'painful year'

By Charles Batchelor, Transport Correspondent

Georges-Christian Chazot: new fare structure for next year

Eurotunnel yesterday warned thet overcapacity on cross-Channel routes and the continuing price war would make 1996 a "painful year" for both tbe ferry operators and the trouhled Anglo-French tunnel operator.

Mr Georges-Christian Chazot, Eurotunnel's chief executive, predicted that the ferry companies, dominated by P&O and Stena Sealink, would be forced to reduce capacity and the tunnel would become the first choice for most travellers.

"We do not underestimate the capacity of the ferries to improve, but we are simply saying that we have a system which is unique in many of its characteristics," be said yesterday.

Nevertheless, Mr Chazot said a tough battle for market share was inevitahle, adding that Eurotunnel would fight the ferry companies by introducing a new fare structure for 1996, to be announced in the next four weeks.

That would reinforce Eurotunnel's competitive challenge to the ferry operators, which it increased last month by announcing a 33 per cent cut in duty free prices. Mr Chazot said the initiative had already led to a near-doubling of travellers stopping to buy.

Describing 1995 as a "bybrid year" in which Eurotunnel had to make the change-over from a construction project to a railway operator, he said 1996 would be the company's first opportunity to prove itself with a complete train fleet and full range of services. "We must adjust our product to the expectations of our customers and improve services in terms of their punctuality and their reliability," Mr Chazot said.

The company was confident that customers who bad used the tunnel would return next year. In a poll of travellers, 67 per cent has said they would use it again.

Mr Chazot identified his two main priorities over the next three months as ensuring that sufficient freight shuttles were available to take account of the peaks and troughs of truck arrivals and to market the tunnel effectively to car passengers.

Truck arrivals vary from 700-800 on a Sunday to 1,800 on Wednesdays with tbe peak hours each day between 5pm and 2am. With tunnel maintenance carried out at night, Eurotunnel must make adjustments to its work patterns to avoid delays to trucks, Mr Chazot said.

Car passengers will be targeted with an advertising campaign emphasising the benefits of the tunnel during the winter when conditions in the Channel are often rough.

Eurotunnel believes it can increase its share of the Dover-Calais passenger market beyond tbe 36 per cent achieved last month.

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COMMODITIES AND AGRICULTURE

Reduced crop forecasts boost Chicago grain prices

By Laurie Morse in Chicago

The US Department of Agriculture once again reduced its estimate of the size of this year's US coarse grains crops in its regular monthly assessment of the nation's grain situation. The report confirmed that global supplies of grain would be smaller at the end of this crop year than they have been in decades and sent maize and soysbean futures prices at the Chicago Board of Trade sharply higher.

Besides cutting harvest estimates and raising demand figures for coarse grains, the agency also trimmed its world wheat supply projection, saying smaller crops in Argentina, Australia, the EU and Kazakhstan would reduce world wheat output to 529.77m tonnes, and forecast a narrow carryover margin of just 97.4m tonnes at the end of the crop year.

World wheat prices already reflect this tight balance sheet, with prices at most delivery points at their highest levels since 1990. At the CBoT yesterday wheat for December delivery was up 4 cents a bushel in early trading but eased back later.

Traders said the real shock in the USDA report was a 4 per cent drop in the agency's US maize production forecast in just the past month. The USDA said late plantings and an early freeze during September would reduce the domestic harvest to 7.54bn bushels of maize this year, 25 per cent below last year's bumper harvest of 10.1bn bushels.

The production drop also cut carryover estimates, leaving the US with an estimated maize stockpile of 685m bushels at the end of this crop year, compared last month's estimate of 730m bushels. The maize futures price for December delivery jumped 8.76 cents to a life-of-contract high of \$3.26¾ a bushel in response to the report before surrendering about half of the gain.

Chicago soyabean futures prices also surged, as traders reacted to the USDA's 4 per cent downward revision in its production estimate. USDA reduced its soyabean production forecast to 2.19bn bushels, saying unfavourable weather had also reduced this crop, which is used primarily for animal feed and vegetable oil.

The agency said that world demand for soyabeans would trim US stockpiles, leaving only 220m bushels in storage at year-end, a sharp reduction from the September stocks estimate of 330m bushels. Soyabean futures prices for November delivery at the CBoT rose 19 cents to \$6.69¼ a bushel in the morning before settling back to about \$6.60 in the afternoon.

Mr Jerry Gidel, grain market analyst for Dean Witter Reynolds, said prices for feedgrains and wheat were likely to remain high, despite the continuing harvest, because traders expect further downward revisions in the crop estimate as the harvest progressed.

Other analysts noted that tight feedgrains supplies and high prices might begin to induce livestock producers to reduce their herds, and could negatively affect margins of industrial maize users, particularly those producing ethanol, the grain-based gasoline substitute.

Trinidad gets $1bn petrochemicals boost

Canute James on one of the largest single investments in the Caribbean region

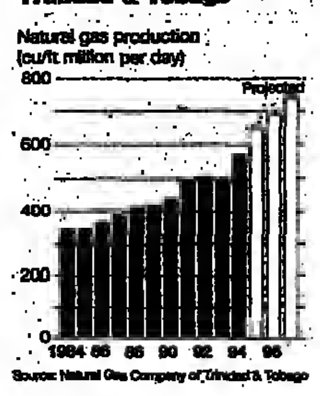
Trinidad and Tobago's expanding petrochemicals sector has received a fillip from one of the largest single investments in the Caribbean region. A US\$1bn plant to produce liquefied natural gas is to be constructed on a new industrial estate in the south of the country.

This comes on the heels of steady expansion in the past four years in the petrochemicals sector as investors have been attracted to the Caribbean country by the abundance of its natural gas. Nitrogenous fertiliser production has increased to levels that Trinidadian officials claim have made the country one of the world's leading exporters of fertilisers. Methanol production is also expanding.

Atlantic LNG, the LNG producer, is a joint venture created by US, British and Trinidadian companies. Amoco Trinidad, a subsidiary of the US oil company, has a 49 per cent stake in Atlantic LNG, with British Gas holding a 31 per cent interest. Cabot LNG of the US and the state-owned National Gas Company of Trinidad and Tobago will each have 10 per cent.

The plant's capacity will be 3m tonnes a year, with production scheduled to begin late in 1998. Exports will earn about \$175m a year, says Mr Patrick Manning, Trinidad and Tobago's prime ministsr. The plant's output has already been fully committed, with Cabot LNG taking 60 per cent and Enagas of Spain buying the rest.

Trinidad & Tobago



Source: Natural Gas Company of Trinidad & Tobago

Trinidad and Tobago's natural gas production will be expanded significantly to meet the demands of the LNG plant and to feed an expansion of fertiliser production. The country has known natural gas reserves of 12,000bn cubic feet. "We have planned for the expansion of these gas-based operations, and the gas is there to meet all demand," says Mr Ken Julien, chairman of the National Gas Company.

The agreement on the LNG plant coincides with several new projects for the production of nitrogenous fertiliser (ammonia and urea) by foreign and local companies. Some have bought into existing facilities, some of which have been divested by the government, while others are building new plants. Trinidad and Tobago's fertiliser production of 2.45m tonnes last year was 7 per cent higher than 1993. The new ventures that have already been committed will lift fertiliser capacity to 3.3m tonnes a year.

Expansion in methanol production has been dramatic, more than doubling last year to 1m tonnes. New investments will lift national capacity to 1.6m tonnes a year.

"The government was initially a promoter and an investor in the gas-based industries," says Mr Julien. "More recently the government has been seeking local and foreign investors through investment or divestment. When investors look at Trinidad and Tobago, they see a country which, although small, offers a combination of factors which offer good prospects for investment."

This assessment is shared by Mr Nazir Khan, chief executive of Arcadian Trinidad, a subsidiary of Arcadian Partners of the US. "The political climate here is stable and there is an abundance of natural gas," he says. "The government fast-tracks projects, and we have also been attracted by the availsbility of literate and trained workers."

Two years ago Arcadian bought an ammonia and a urea plant from the government and from Amoco for US\$175m. It is retooling to improve efficiency, and plans to build another 225,000-tonnes-a-year factory. "For us, Trinidad and Tobago offers easy access to our major markets," says Mr Khan. "We can get quickly to the US Gulf, South America and Europe."

The planned expansion in Trinidad and Tobago's nitrogenous fertiliser capacity will be led by Farmland Industries of Kansas and the Mississippi Chemical Company, which are building an ammonia plant with capacity of 655,000 tonnes a year.

These companies have joined others that have apparently concluded that Trinidad and Tobago makes good business sense. Ferrostaal and Helm of Germany have bought a half of a state-owned methanol plant and are planning another with capacity of 500,000 tonnes per year. Norsk Hydro of Norway was an earlier recruit to the Trinidadian petrochemicals sector, buying ammonia plants from WR Grace of the US five years ago.

Local companies are also investing in petrochemicals. Colonial Life Insurance, a local financial services conglomerate, holds a 65 per cent stake in a 500,000-tonnes-a-year methanol plant that began production last year. Its partners are Ferrostaal and Methanex of Canada.

There are already indications this year of the impact of the new investments. Nitrogenous fertilissr exports reached 587,700 tonnes in the first quarter of the year, 16 per cent higher than the previous quarter, while methanol exports grew also by 16 per cent to reach 277,800 tonnes.

Algerian oil field 'world class'

By David Lascelles, Resources Editor

Initial crude oil production of about 40,000 barrels a day is expected by early 1997 from the first stage of development of Algeria's Hassi Berkine South No 2 and Hassi Berkine No 4 appraisal wells in Block 404 in the Ghadames Basin.

The field, which lies close to Algeria's eastern border with Libya has estimated gross reserves of 1.5bn barrels of oil.

Members of the Algerian joint venture developing the field are Anadarko Algeria with 50 per cent, and Lasmo and Maersk Olie with 25 per cent each.

Mr John Hogan, chief operating officer of Lasmo, said yesterday: "We are talking world class both in terms of reserves and productivity".

The first stage of development, which will include a pipeline connection, is expected to cost \$210m.

Fischler outlines banana regime reform plan

By Caroline Southey in Brussels

Mr Franz Fischler, the European Commissioner for agriculture, yesterday outlined a series of reforms to the European Union's controversial banana regime just two weeks after the US filed a complaint with the World Trade Organisation against the import arrangement.

The arrangement, which gives preferential access to bananas from the African, Caribbean and Pacific group of countries, has been the subject of furious rows between member states and between the US and EU.

The basis of the US complaint to the WTO, which is supported by Guatemala, Honduras and Mexico, is that the regime has caused "significant harm" to US banana marketing companies.

Mr Fischler has been prevented so far from making changes to the three-year old regime. The commission failed to give him a mandate to negotiate changes with the US while there has been a stalemate in the council of ministers over a number of minor proposals for reform.

He warned that the word "compromise" was not associated with discussions on the banana regime. But he called on EU ministers to be constructive and said he hoped that "all concerned will recognise that there are decisions which have to be taken urgently".

Mr Fischler attacked critics of the regime, pointing out that it had maintained the presence of ACP and community bananas in the EU market and had succeeded in creating a single market for bananas, which had led to a convergence in prices.

Although any adjustments should not jeopardise the regime's objectives, they were necessary to "assuage the criticisms," he said.

EU agricultural ministers will consider the suggestions at a council meeting at the end of the month. They will also consider increasing the tariff quota to accommodate Austria, Sweden and Finland, which joined the EU in January.

Mr Fischler's proposals include changing the distribution of licences. The change would involve allocating new licences due as a result of the EU's enlargement to importers of Latin American bananas rather than importers of ACP produce.

But Mr Fischler warned that any further increase in the tariff quota, which has been called for by Germany and the US, would carry the risk of creating an oversupply of bananas in the EU. "The world banana market is already depressed," he said.

Noranda drops plan to build smelter in Chile

By Robert Gibbens in Montreal

Noranda, Canada's biggest resource group, has dropped plans to build a US\$1.5bn aluminium smelter and hydro-electric plant in Chile because the prospective return, based on present metal prices, which are 20 per cent below the January highs, would be too low.

The company said it could handle the project financially but it wanted to focus on its mining and other metals projects in North and South America.

Efforts to find a partner were not successful.

MARKET REPORT

Copper stages late rally at LME

A strong rally in COPPER prices during yesterday's after hours "kerb" trading session at the London Metal Exchange injected some backbone into other dispirited metal markets.

Traders said copper successfully defended the five-month low of \$2,710 a tonne, for three months delivery. Heavy buying from ons inflnential quarter prompted shortcovering and the market ran up some \$30 in 15 minutes.

"[The decline] was technical," one trader said. "copper [supply] is still tight."

ALUMINIUM, TIN and LEAD prices also ended in the plus column.

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1650-51	1685-86
Previous	1687-88	1722-23
High/low		1703/1673
AM Official	1645-46	1680.5-81.0
Kerb close		1702-4
Open int.	208,836	
Total daily turnover	99,812	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1420-30	1460-70
Previous	1460-70	1500-10
High/low		1480
AM Official	1435-45	1475-80
Kerb close		1470-80
Open int.	3,077	
Total daily turnover	1,145	

■ LEAD ($ per tonne)

Close	581-82	590-91
Previous	589-90	599-600
High/low	586/585	601/589
AM Official	585-85.5	593.5-94.0
Kerb close		601-2
Open int.	33,194	
Total daily turnover	10,193	

■ NICKEL ($ per tonne)

Close	7625-35	7750-60
Previous	7825-35	7950-55
High/low	7725/7575	7850/7700
AM Official	7680-85	7795-800
Kerb close		7810-18
Open int.	44,984	
Total daily turnover	14,486	

■ TIN ($ per tonne)

Close	6055-65	6115-20
Previous	6130-40	6185-90
High/low		6190/6080
AM Official	6045-55	6100-105
Kerb close		6140-60
Open int.	19,847	
Total daily turnover	5,740	

■ ZINC, special high grade ($ per tonne)

Close	950-51	974-75
Previous	986-87	1010-11
High/low		1002/960
AM Official	948-49	971-72
Kerb close		978-9
Open int.	78,810	
Total daily turnover	32,874	

■ COPPER, grade A ($ per tonne)

Close	2746-49	2716-17
Previous	2802-5	2773-74
High/low	2765/2763	2740/2710
AM Official	2762.5-63.0	2729-30
Kerb close		2740-41
Open int.	189,900	
Total daily turnover	92,235	

■ LME AM Official £/$ rate: 1.5746
LME Closing £/$ rate: 1.5756

Spot:1.5729 3 mths:1.5697 6 mths:1.5661 9 mths:1.5624

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	126.70	+1.20	128.70	125.30	1,246	271
Nov	126.05	+1.65	126.20	123.75	1,170	31
Dec	125.05	+1.45	125.50	122.80	20,823	11,597
Jan	124.10	+1.20	124.50	122.40	571	7
Feb	123.20	+1.00	124.00	123.20	417	3
Mar	122.30	+0.60	122.85	121.10	4,741	497
Total					35,063	12,558

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	384.70-385.00		
Opening	384.60-384.90		
Morning fix	384.70	243.790	442.328
Afternoon fix	384.50	244.189	443.928
Day's High	384.85-385.15		
Day's Low	384.35-384.65		
Previous close	385.00-385.40		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.10	6 months	3.98
2 months	4.03	12 months	3.96
3 months	3.97		

Silver Fix	p/troy oz.	US cts equiv.
Spot	343.30	541.75
3 months	347.50	547.20
6 months	351.90	552.90
1 year	361.55	565.30

Gold Coins	$ price	£ equiv.
Krugerrand	384-387	244-246
Maple Leaf	395.30-397.80	
New Sovereign	89-91	56-58

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Oct	385.2	-0.1	385.1	385.1	604	12
Dec	387.4	-0.2	387.7	387.1	99,934	25,845
Feb	389.7	-0.2	390.0	389.3	22,411	107
Apr	392.1	-0.2	392.2	391.8	9,760	789
Jun	394.8	-0.2	394.6	394.5	13,046	36
Aug	397.4	-0.2	-	-	1,795	58
Total					180,986	27,677

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Oct	416.0	-2.7	414.0	414.0	629	15
Jan	415.0	-2.7	415.6	414.5	21,262	2,841
Apr	415.4	-2.3	416.0	415.0	1,669	100
Jul	416.6	-2.1	-	-	1,385	-
Oct	416.8	-1.9	-	-	31	-
Total					24,876	2,956

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Dec	138.70	-1.95	140.00	138.50	5,209	209
Mar	140.10	-1.80	140.75	140.75	753	5
Jun	141.55	-1.80	-	-	75	-
Total					6,037	215

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Oct	540.2	-0.5	539.0	539.0	16	18
Dec	544.2	-0.5	545.5	542.0	59,825	15,747
Jan	545.9	-0.5	-	-	26	-
Mar	550.7	-0.1	552.0	548.0	12,194	1,215
May	554.9	-	555.0	553.0	6,467	61
Jul	558.9	+0.2	559.0	559.0	6,405	-
Total					98,775	17,221

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	17.30	-0.12	17.46	17.22	55,630	32,683
Dec	17.04	-0.08	17.12	16.95	73,745	21,851
Jan	16.91	-0.09	17.03	16.87	41,933	5,284
Feb	16.90	-0.05	16.95	16.84	10,817	4,089
Mar	16.89	-0.04	16.89	16.85	17,333	1,630
Apr	16.86	-0.04	16.60	16.82	12,518	360
Total					397,147	73,156

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	16.10	+0.07	16.10	15.86	31,051	21,143
Dec	15.94	+0.08	15.95	15.72	60,274	16,447
Jan	15.79	+0.02	15.79	15.63	25,618	2,852
Feb	15.69	-0.01	15.69	15.55	10,259	1,163
Mar	15.59	-0.05	15.59	15.52	6,602	1,018
Apr	15.47	-	-	-	3,296	500
Total					N/A	43,219

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	48.80	+0.13	48.90	48.45	38,930	9,680
Dec	49.35	+0.08	49.50	49.00	40,308	7,201
Jan	49.80	+0.08	49.85	49.50	34,108	4,054
Feb	49.55	+0.03	49.60	49.40	15,808	1,030
Mar	48.42	-0.10	-	-	6,427	438
Apr	47.60	+0.13	-	-	3,784	378
Total						

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	146.25	+0.25	146.75	145.00	10,158	9,811
Nov	147.75	+0.50	148.25	146.25	30,428	11,521
Dec	148.50	+0.50	148.75	147.50	22,922	4,742
Jan	149.25	+0.50	149.25	148.00	19,588	2,835
Feb	149.00	+0.50	149.00	148.00	4,150	1,762
Mar	148.50	+0.50	148.50	147.75	3,572	203
Total					N/A	N/A

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	1.767	-0.035	1.814	1.762	22,785	14,010
Dec	1.892	-0.028	1.922	1.885	25,561	6,393
Jan	1.920	-0.021	1.960	1.920	22,586	4,128
Feb	1.850	-0.015	1.875	1.850	11,642	1,251
Mar	1.785	-0.009	1.795	1.780	8,891	862
Apr	1.720	+0.001	1.720	1.720	6,364	420
Total					135,283	30,369

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	50.45	+0.12	50.80	49.80	24,601	13,083
Dec	49.25	-0.05	49.35	49.00	16,680	5,442
Jan	49.10	-0.18	49.18	49.00	7,860	2,239
Feb	49.45	-0.18	-	-	3,118	339
Mar	49.85	-0.03	-	-	1,688	7
Apr	52.65	+0.12	-	-	2,825	1
Total					66,864	21,223

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	116.40	+0.60	116.40	115.70	2,126	149
Jan	118.75	+0.55	118.85	118.30	1,794	130
Mar	120.75	+0.55	120.75	120.25	1,292	104
May	122.85	+0.55	122.90	122.40	2,022	82
Jul	124.25	-	-	-	74	-
Sep	106.50	-	-	-	6	-
Total					7,318	465

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Dec	480½	-3¼	480	480	59,396	13,176
Mar	490	-2½	498½	489½	25,837	4,847
May	463½	+¼	467½	463	2,960	458
Jul	418½	+1¾	423	418	9,268	1,517
Sep	420½	+1¾	424¼	420	368	178
Dec	428½	-½	434	428	328	93
Total					98,158	20,279

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Dec	322/6	+5/0	326/4	322/0	233,632	43,691
Mar	329/6	+5/2	334/0	329/2	140,886	24,259
May	331/0	+5/2	334/4	330/4	22,751	4,086
Jul	328/2	+4/2	332/0	328/0	41,686	7,720
Sep	296/6	+1/2	300/0	296/2	4,849	369
Dec	279/0	+0/6	282/4	278/6	16,561	1,392
Total					460,800	81,565

■ BARLEY LCE (£ per tonne)

Nov	108.10	+0.40	108.10	107.60	892	100
Jan	111.15	+0.25	111.25	111.10	695	10
Mar	113.60	+0.25	113.60	113.35	564	22
May	115.85	+0.40	-	-	146	-
Sep	104.00	-	-	-	-	-
Nov	106.00	-	-	-	-	-
Total					2,297	132

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Nov	659/2	+10/4	669/4	658/0	78,315	24,070
Jan	670/0	+10/6	678/0	669/0	34,073	5,571
Mar	679/4	+11/2	688/0	678/4	15,866	2,862
May	684/6	+10/0	692/4	684/4	7,577	1,036
Jul	690/2	+11/0	696/0	689/2	8,433	1,015
Aug	688/0	+12/2	688/4	687/0	139	7
Total					154,670	35,139

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Oct	27.17	+0.07	27.53	27.16	1,916	1,062
Dec	27.35	+0.09	27.68	27.33	42,917	12,118
Jan	27.40	+0.09	27.70	27.40	10,718	1,342
Mar	27.55	+0.16	27.75	27.55	10,202	1,027
May	27.70	+0.18	27.85	27.68	5,311	102
Jul	27.76	+0.21	27.90	27.75	3,363	206
Total					75,391	15,897

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Oct	196.7	+3.4	198.8	196.1	2,876	1,158
Dec	199.9	+3.2	202.5	198.7	47,400	12,099
Jan	201.7	+3.9	204.0	201.4	11,724	2,411
Mar	203.2	+3.8	205.5	203.2	8,279	906
May	203.9	+3.7	207.5	203.8	4,951	712
Jul	205.5	+3.3	209.0	204.5	3,630	330
Total					80,216	17,696

■ POTATOES LCE (£/tonne)

Nov	200.0	-	200.0	200.0	3	1
Mar	280.0	-	-	-	-	-
Apr	271.5	-1.5	272.0	267.0	1,260	139
May	327.5	-	-	-	6	-
Jun	360.5	-	-	-	-	-
Total					1,269	140

■ FREIGHT (BIFFEX) LCE ($10/index point)

Oct	1730	+10	1750	1725	627	54
Nov	1700	+15	1710	1615	583	143
Dec	1678	+5	1680	1670	99	43
Jan	1680	+15	1695	1680	1,147	164
Apr	1655	+5	1670	1650	707	39
Jul	1525	+25	1525	1525	171	20
Total					3,436	486

	Close	Prev
BFI	1773	1794

Nuts and Seeds
1994 crop prices from Kenkko Group; $ a tonne. Iranian pistachios 26/28 raw (in shell) naturally opened (round) 3,700 FOT MEP. New crop 3,450 C&F/FOT MEP (available December); latest crop estimate 200,000 tonnes. US almonds (shelled) 23/35 – new crop price ■ 6,850 FOB, up on smaller-than-expected yield. US walnuts (shelled) light halves and pieces; '95 crop 5,400 FAS – firm; main harvest nearly complete but quality and quantity below expectations. Indian cashews W320 (raw) 6,230 FOT Rotterdam in transit – lower, and likely to fall further. Turkish Hazelnut kernels 13/15 standard 1s; '95 crop at 3,250 C&F MEP – quiet. Sunflower seeds '95 crop: Kansas 22/64 at 840 CIF MEP; N. Dakota 20/64 at 730. Desiccated coconut 1,010 FOB Manila – rising.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	891	+4	891	882	26,078	2,888
Mar	920	+4	920	913	32,031	2,056
May	937	+3	938	932	14,750	480
Jul	955	+4	956	949	4,234	91
Sep	972	+3	972	966	19,365	2,200
Dec	991	+4	990	985	5,601	42
Total					106,518	7,826

■ COCOA CSCE (10 tonnes; $/tonnes)

Dec	1284	+33	1290	1248	28,457	9,184
Mar	1317	+30	1325	1285	20,508	4,133
May	1340	+29	1340	1308	8,179	238
Jul	1360	+29	1369	1332	3,542	10
Sep	1381	+29	1376	1352	8,002	84
Dec	1411	+29	1390	1390	5,904	24
Total					72,592	13,684

■ COCOA (ICCO) (SDR's/tonne)

Jul 10	Price	Prev. day
Daily	908.99	917.48

■ COFFEE LCE ($/tonne)

Nov	2323	+40	2329	2299	11,252	2,064
Jan	2242	+45	2243	2210	8,721	1,586
Mar	2166	+31	2180	2140	4,033	687
May	2106	+25	2130	2085	2,301	255
Jul	2085	+20	2078	2055	406	55
Sep	2035	+20	2050	2035	160	107
Total					26,873	4,611

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Dec	118.90	+2.10	120.75	116.20	17,153	7,270
Mar	117.20	+1.70	118.25	114.20	9,142	1,689
May	116.65	+1.70	117.00	114.25	2,362	289
Jul	117.25	+1.75	117.50	114.50	370	90
Sep	116.40	+1.15	115.00	114.50	295	52
Dec	116.40	+1.15	114.80	114.50	58	5
Total					29,387	9,405

■ COFFEE (ICO) (US cents/pound)

Jul 10	Price	Prev. day
Comp. daily	116.11	115.15
15 day average	117.97	117.98

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Jan	13.25	-	-	-	-	-
Mar	10.90	-	-	-	-	-
May	11.95	-	-	-	-	-
Total					-	-

■ WHITE SUGAR LCE ($/tonne)

Dec	350.20	+10.1	349.5	338.8	10,017	723
Mar	328.30	+6.4	326.0	320.0	11,234	427
May	319.80	+3.9	319.3	316.2	3,327	194
Aug	316.80	+3.6	316.5	313.3	1,781	90
Oct	289.30	+2.3	288.5	287.0	1,985	46
Dec	286.70	+2.2	285.2	285.2	631	1
Total					29,192	1,482

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	10.69	+0.26	10.72	10.46	60,647	8,834
May	10.60	+0.20	10.62	10.42	18,043	1,016
Jul	10.55	+0.16	10.58	10.38	12,404	402
Oct	10.51	+0.21	10.53	10.34	13,353	357
Mar	10.48	+0.20	10.46	10.31	5,710	190
Total					116,163	10,799

■ COTTON NYCE (50,000lbs; cents/lbs)

Dec	84.68	-2.00	86.10	84.68	31,103	4,445
Mar	85.52	-2.00	86.70	85.52	16,123	1,327
May	86.40	-2.00	87.60	86.40	6,894	248
Jul	86.65	-2.00	87.50	86.65	5,260	82
Oct	79.15	-1.60	79.15	79.10	1,323	6
Dec	75.90	-0.58	76.05	75.71	5,581	129
Total					22,941	3,423

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Nov	114.85	-0.40	117.90	114.50	10,267	1,146
Jan	117.15	+0.25	118.25	116.50	7,946	1,403
Mar	120.20	+0.70	120.50	119.25	2,472	489
May	122.40	+0.65	122.50	121.85	1,208	199
Jul	124.90	+0.80	124.00	124.00	501	157
Sep	126.90	+0.80	126.60	126.60	303	15
Total					67,335	6,281

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Oct 11	Oct 10	month ago	year ago
2075.0	2077.8	2124.8	2043.5

■ CRB Futures (Base: 1967=100)

Oct 10	Oct 9	month ago	year ago
239.74	239.59	240.33	-

■ GSCI Spot (Base: 1970=100)

Oct 10	Oct 9	month ago	year ago
180.40	180.41	181.85	172.24

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	65.600	+0.025	65.800	65.375	8,281	3,751
Dec	67.325	-0.250	67.650	67.100	27,131	8,172
Feb	66.300	-0.125	66.800	66.200	13,559	1,859
Apr	66.300	-0.050	66.550	66.225	7,972	920
Jun	62.375	-0.125	62.775	62.375	2,739	315
Aug	61.275	-0.025	61.600	61.250	964	27
Total					60,884	15,051

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Oct	46.425	-	46.700	46.100	5,563	1,151
Dec	46.350	+0.025	46.675	46.125	13,030	2,199
Feb	48.475	+0.350	48.750	48.200	6,980	407
Apr	47.925	+0.475	48.150	47.650	2,230	167
Jun	52.475	+0.575	52.675	51.900	2,553	77
Aug	51.000	+0.750	51.000	50.300	1,127	22
Total					32,093	4,035

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	59.475	+0.625	59.750	58.950	5,403	808
Mar	59.625	+0.900	59.700	58.900	465	42
May	60.500	+0.900	60.700	60.050	111	18
Jul	61.400	+0.600	61.500	61.000	453	13
Aug	59.350	+1.000	59.350	59.350	38	3
Total					6,470	883

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Dec	Feb	Dec	Feb
1600	121	158	24	42
1650	62	100	64	82
1700	26	59	127	139
■ COPPER (Grade A) LME	Dec	Feb	Dec	Feb
2700	113	112	57	95
2800	64	70	108	150
2900	32	-	174	-
■ COFFEE LCE	Nov	Jan	Nov	Jan
2050	273	259	-	39
2100	224	226	-	52
2150	177	197	-	67
■ COCOA LCE	Dec	Mar	Dec	Mar
875	36	72	20	27
900	23	57	32	37
925	15	45	49	50
■ BRENT CRUDE IPE	Nov	Dec	Nov	Dec
1550	43	53	-	22
1600	2	29	3	43
1650	-	11	50	78

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Nov)

		+or-
Dubai	\$14.70-4.80w	+0.19
Brent Blend (dated)	\$16.04-6.06	+0.10
Brent Blend (Nov)	\$16.06-6.08	+0.17
W.T.I. (1pm est)	\$17.41-7.44w	+0.195

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	\$172-173	-2
Gas Oil	\$150-151	+1
Heavy Fuel Oil	\$84-86	
Naphtha	\$149-150	-1
Jet fuel	\$177-179	+2
Diesel	\$152-153	+1

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

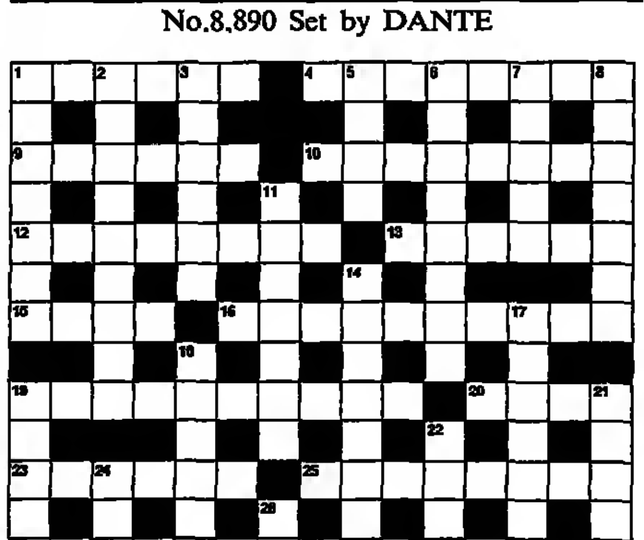
Gold (per troy oz)♣	\$384.85	-0.35
Silver (per troy oz)♣	544.5c	-1.0
Platinum (per troy oz.)	\$414.75	-2.75
Palladium (per troy oz.)	\$138.25	-0.25
Copper (US prod.)	Unq.	
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	15.47m	-0.05
Tin (New York)	292.5c	-4.0
Cattle (live weight)†	124.32p	-0.66*
Sheep (live weight)†♣	100.29p	-1.04*
Pigs (live weight)†	98.42p	+0.72*
Lon. day sugar (raw)	\$295.8	-3.3
Lon. day sugar (wte)	\$363.0	-0.2
Barley (Eng. feed)	£114.50x	
Maize (US No3 Yellow)	£104.0w	
Wheat (US Dark North)	Unq.	
Rubber (Nov)♥	91.00p	+1.25
Rubber (Dec)♥	91.00p	+1.25
Rubber (KL RSS No1)	348.5m	+1.5
Coconut Oil (Phil)§	\$725.0u	
Palm Oil (Malay.)§	\$640.0	
Copra (Phil)§	470.0y	
Soyabeans (US)	186.0	-1.0
Cotton Outlook'A' index	92.30c	+0.20
Wooltops (64s Super)	465p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Nov/Dec.♥ w Nov. y Oct/Nov. x Oct/Dec London Physical. § CIF Rotterdam. ♣ Bullion market close. ♣ Sheep (Live weight prices). * Change on week † Prices are for previous day.

JOTTER PAD

CROSSWORD

No.8,890 Set by DANTE



ACROSS
1 Organisation for the better? (6)
4 Unremittingly faithful? (8)
9 Left in play (6)
10 Treatment that is always on hand (8)
12 Thankful to have finished one's duty (8)
13 Consents, but will be a long time coming round again (6)
15 Welshman's making a stand (4)
16 It's the art of making decisions, of course (10)
19 Char works overtime to wipe off debts (5,5)
20 Saline drip? (4)
23 Father in pain, but brave (6)
25 Paid back though completely in the red (8)
27 The case of the blackleg poet (8)
28 It's used to lift – or bring down (6)
29 A port to impress a sailor (8)
30 Opened by patients perhaps, possibly shut by the doctor (6)

DOWN
1 Like sheep are in a shed (7)
2 As art it is clearly not yet dead (5,4)
3 Ths Spanish just formed a team (6)
5 Dock, mate! Here comes a stone! (4)
6 Fish and insects turn a drab colour (8)
7 Divert a group of emus (5)
8 State crime and motive after trial opens (7)
11 Supporter and friend, according to the law (7)
14 He provides French wine with the rent perhaps (7)
17 Features in many a police investigation (9)
18 Sacked, no doubt (2,3,3)
19 Under a hundred girls make up the school (7)
21 Colours blended in Dresden (7)
22 Flexi-time for the violinist or tuba player (6)
24 A question a scholar gets on Jordan's only seaport (5)
26 Article about a piece of land (4)

Solution 8,889

INTERNATIONAL CAPITAL MARKETS

Stronger dollar provides lift for Europe

By Antonia Sharpe and Conner Middelmann in London and Maggie Urry in New York

The stronger dollar helped Europe's high-yielding bond markets rise yesterday as the resulting weakness in the D-Mark allowed their own currencies to recover. Italy showed the biggest rise of about a half-point while Spain and Sweden experienced smaller gains.

GOVERNMENT BONDS

The movements on the foreign exchanges caused a general compression of yield spreads over 10-year German government bonds, with Italy coming in to 528 basis points from 535 basis points and Spain to 435 basis points from 442 basis points. News that French prime minister Mr Alain Juppé would not be prosecuted over the alleged provision of housing to his family members also helped the French bond market recover about a quarter-point and the 10-year spread over Germany narrowed to 94 basis points from 105 basis points.

Mr Kirit Shah, international strategist at First Chicago, said the spread could tighten to 80 basis points because the market had been oversold in the last week. However, since the government's long-term problems remained acute, he forecast the spread would widen back to 110 basis points over the next month.

Mr Mark Fox, chief European strategist at Lehman Brothers, said there had been some switching into French government bonds from Germany yesterday. However, the news on Mr Juppé did not mean that the government's economic issues had been solved. "The government has made two fundamentally incompatible promises – to control the budget deficit and to reflate the economy and lower unemployment," Mr Fox said. "The market cannot see how the government will do this."

■ In Germany, the Bundesbank continued its recent trend of cutting the repo rate when it lowered the rate to 4.03 per cent from 4.05 per cent. However, analysts detected a slowing in the trend and said the Bundesbank would try to keep the rate at about 4 per cent for now.

■ UK government bonds ended the day marginally lower, with the December long gilt future on Liffe shedding $\frac{1}{16}$ point to end at 105⅝.

In the absence of market-moving data, dealers were focusing on today's release of September retail prices.

"In the wake of Monday's disappointing producer price data, the market is a bit edgy ahead of the RPI – people are worried that the price pressures seen in the PPI could feed into retail prices," said Mr Jonathan Loynes, UK economist at HSBC Greenwell.

Headline RPI is forecast to have risen to 3.7 per cent from 3.6 per cent in August, with the rate excluding mortgage interest payments seen rising to 3.0 per cent from 2.9 per cent in August.

■ Trading in the US Treasury bond market was quiet yesterday as dealers awaited the release today of producer price figures for September and tomorrow of the consumer price index and retail sales numbers.

Near midday, the benchmark 30-year Treasury was unchanged at 105$\frac{21}{32}$, to yield 6.436 per cent. At the short end, the two-year note was up $\frac{1}{32}$ at 100, yielding 5.732 per cent. Volumes were thin.

Dealers are looking to the economic statistics for more evidence that the economy is heading for a soft landing – where the desirable combination of low inflation and sustainable growth is achieved.

The market could take heart from comments by Mr Alan Blinder, vice-chairman of the Federal Reserve, that it was "a bit premature" to declare victory on a soft landing, but that with each passing month it "looked more and more likely".

Ministers agree on investment facility

By Canute James in Kingston

Commonwealth finance ministers have agreed to establish a fund which will raise capital for investment in the private sector in developing Commonwealth countries. It will make equity investments in companies which are being divested and expanded.

The facility will be a co-ordination of several regional funds, starting with an African fund next year, to be followed by another in either the Caribbean or the Indian sub-continent.

The fund will be started with $25m seed capital provided by the Commonwealth Development Corporation, which will manage the facility. The CDC is a UK statutory corporation which provides development capital and investment finance for projects in several countries.

Another $25m will be raised from within the Commonwealth, providing what Mr Robert Binyon, the CDC managing director, said was the "critical mass" needed to get the facility going.

A further $25m will be sought on the international financial markets after the Commonwealth fund starts investing.

"The fund will be operated on a strictly commercial basis," Mr Binyon said after the plan was endorsed by the Commonwealth finance ministers at their meeting in Kingston. "It will not be aid. It will deal with viable companies which want to expand and not just to refinance."

The regional equity fund for Africa will be established by the middle of next year, providing capital for expanding privatised or privatising companies and small and medium-sized private sector businesses.

Nigerian arm of Mobil set to raise $300m in offering

By Paul Adams in Lagos and Antonia Sharpe in London

Mobil Producing Nigeria, an arm of the US oil company, is raising more than $300m through a private offering of long-term notes in the US market to help finance its natural gas liquids (NGL) joint venture with the Nigerian government.

The offering, which is being arranged by First Boston, has received an investment-grade rating from Moody's, the international credit rating agency. Bankers said it was the first investment-grade transaction to come out of sub-Saharan Africa. The offering is structured so that the repayment of the notes is linked to the project it is financing. Similar natural resources related offerings have emerged in recent years from Venezuela, Argentina and Mexico.

In Mobil's case, it is the Oso phase two project, launched in February as a joint venture between Mobil, with 51 per cent, and the state-owned Nigeria National Petroleum Corporation (NNPC), which holds the remainder.

Oso phase two will extract and export NGL from the offshore Oso condensate field and is due to be complete in three years' time. It will produce an estimated 50,000 barrels a day for export, about one per cent of world consumption. The main construction contract, worth $665m, has been awarded to a consortium led by ABB Lummus Crest.

The transaction has enabled Mobil to get round the block on external finance for Nigerian projects in which the government has a stake. In addition, by getting third-party investors to finance its share of the project, Mobil has shed its Nigerian risk.

Official credits from the governments of the US and Europe have dried up in recent years because Nigeria's military regime has refused to hand over to civilian rule.

Nigeria has accumulated arrears of about $10bn in debt service to the Paris Club of creditor governments in recent years and its debts are continuing to mount because of the government's mismanagement of the oil industry.

NNPC's arrears in paying its 58 per cent share of the oil industry reached $1bn last year, but the government has refused to reduce its 58 per cent stake in the joint ventures, which produce about 2m barrels a day.

Oso phase one developed the field for condensate production and was completed with financing from the World Bank and its private-sector arm International Finance Corporation (IFC) in 1992. Since then, there has been no new money from the World Bank nor from the US Eximbank.

Nevertheless, Mobil sees enormous potential in both oil and gas in Nigeria, which has proven oil reserves of 20bn barrels and gas reserves of 110,000bn cubic feet. Mobil's joint venture with NNPC is the second-largest producer of oil with production peaking last year at 437,000 barrels a day, including condensate. It is beginning exploration this year on new deep water blocks, which may prove to have even greater reserves.

Mobil's Oso condensate project was the first in Nigeria which guaranteed repayment by placing the Nigerian government's 60 per cent share of the export proceeds in offshore escrow accounts.

The Nigeria LNG project, a $3.6bn liquefied natural gas project led by Shell, for which the main contracts are due to be awarded in November, is using the same procedure.

Abbey National in $750m issue

By Conner Middelmann

Abbey National, the UK home loans and banking group, yesterday launched its long-awaited offering of $750m of 10-year subordinated bonds.

INTERNATIONAL BONDS

The deal follows last week's £300m issue of preference shares and perpetual subordinated debt. According to Mr Gareth Jones, Abbey National's treasurer, the issues are "not unconnected" to its planned £1.35bn purchase of National Provincial Building Society. They also follow the £285m cash acquisition of First National Finance Corporation, the consumer credit and commercial lending group.

After Abbey's successful $500m Yankee bond market debut last year, there had been talk that it would tap the domestic US bond market again.

However, "while we have worked hard at opening credit lines with US investors in the last 12 months, and saw good demand for the issue there, we didn't want to neglect our more traditional investors in Europe and Asia", Mr Jones said. "There was very good demand from all three areas."

Abbey National has kept a lower profile this year than last, having raised just over $3bn since January 1, compared with $9bn last year. "We felt we'd done a lot last year and needed the market to settle down – you don't want to oversupply it," said Mr Jones. The bonds are expected to be priced today at a spread of 63 to 64 basis points over Treasuries; Goldman Sachs and Lehman Brothers are joint leads.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Abbey National(d)	750	(d)	(d)	Oct.2005	-	-	Goldman Sachs/Lehman Brs
Fannie Mae(e)	500	6.25#	99.969R	Oct.1998	0.15R	+45 (5⅞%-98)	Gld. Sachs/Merrill Lynch
Chemical Master CC Tst 1(f)	500	(f)	(f)	Oct.1998	-	-	Chemical Securities
Chemical Master CC Tst 1(g)	500	(g)	(g)	(g)	-	-	Chemical Securities
LB Schleswig-Holstein(b)	200	6.00	99.68R	Nov.1999	0.225R	+12 (b)	BNP Capital Mkts.
SIDERAR SAIC	60	11.0#	100.00R	Oct.1997	0.75R	-	Citibank Intl.
GECC(a)	50	6.625	100.82R	Sep.1998	0.25R	+37 (5⅞%-98)	Paribas Capital Mkts.
SWISS FRANCS							
Deutsche Ausgleichsbank	150	4.375	102.125	Nov.2004	-	-	Banca del Gottardo
DSL Bank(c)	150	4.25	103.00	Dec.2002	-	-	Credit Suisse
Merrill Lynch & Co	100	4.25	101.725	Dec.2001	-	-	Merrill Lynch/B.Gottardo
Vorarlberger Bank	100	4.125	102.75	Dec.2001	-	-	Banca del Gottardo
DANISH KRONER							
Commerzbk. Overseas Fin.NV(h)	400	7.50	101.75	Nov.2001	1.875	-	Kredietbank
GUILDERS							
General Electric Capital(c)	250	5.375	99.78R	Dec.1999	0.225R	-	SBC Warburg

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. §Convertible. ¢With equity warrants. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Fungible 40 days after payment date with outstanding $200m issue launched 16.8.95. b) Issued off EMTN programme. Over interpolated yield. Long first coupon. c) Long first coupon. d) Subordinated global bond. To be priced 12.10.95. e) Callable at par on or after 28.10.96. f) Tranche A of $1bn Floating Asset Backed issue to be priced 12.10.95. g) Tranche B of $1bn issue. h) Issued off MTN programme

Another successful global dollar issue came from the US Federal National Mortgage Association (Fannie Mae), which issued $500m of 6.25 per cent three-year callable bonds, priced to yield 45 basis points over Treasuries, via Goldman Sachs and Merrill Lynch. According to the lead managers, the deal met with strong European and US demand. Asian demand was muted.

The Asian Development Bank is set to launch its widely flagged $750m 10-year global offering today, at a likely spread in the mid-20s over Treasuries, while Chemical Securities is to price a $1bn asset-based deal for Chemical Master Credit Card Trust.

Elsewhere, Electrobras, the Brazilian electricity holding company, is expected to issue $100m and Y10bn of three-year bonds in the coming days. The dollar bonds are expected to be priced at a spread of 415 to 425 basis points over Treasuries. ABN AMRO Hoare Govett is likely to lead the dollar issue, which will have 144a placement in the US, and the yen deal is to be led jointly by ABN and Daiwa Europe.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		7.500	07/05	92.8100	-0.310	8.60	8.57	8.91
Austria		6.875	06/05	99.1800	-0.020	6.99	6.93	6.97
Belgium		6.500	03/05	95.5100	-0.080	7.18	7.02	7.19
Canada *		8.750	12/05	107.3000	-0.350	7.70	7.72	8.01
Denmark		7.000	12/04	93.8600	+0.020	7.96	7.82	7.99
France	BTAN	7.750	04/00	103.5000	+0.125	6.87	6.73	6.54
	OAT	7.750	10/05	101.3600	+0.220	7.55	7.46	7.34
Germany Bund		6.875	05/05	101.8300	-0.150	6.60	6.55	6.64
Ireland		8.250	10/04	87.5000	+0.100	8.26	8.12	8.22
Italy		10.500	04/05	94.0900	+0.440	11.54†	11.52	11.54
Japan	No 129	6.400	03/00	119.8110	-0.210	1.60	1.46	1.99
	No 174	4.600	09/04	113.0530	-0.570	2.78	2.55	3.03
Netherlands		7.000	06/05	102.2000	-0.100	6.88	6.60	6.67
Portugal		11.875	02/05	103.1300	+0.050	11.29	11.18	11.36
Spain		10.000	02/05	94.3600	+0.170	10.98	10.85	11.02
Sweden		6.000	02/05	79.2900	+0.211	9.43	9.34	10.29
UK Gilts		8.000	12/00	101-17	-6/32	7.63	7.42	7.48
		8.500	12/05	102-10	-3/32	8.16	8.00	7.95
		8.000	10/08	105-27	-2/32	8.26	8.12	8.04
US Treasury *		6.500	08/05	102-28	-11/32	6.11	6.11	6.23
		6.875	08/25	105-21	-11/32	6.44	6.46	6.61
ECU (French Govt)		7.500	04/05	97.9400	+0.260	7.80	7.70	7.66

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest / Treasury Bills and Bond Yields

		One month	5.63	Two year	5.75
Prime rate	8¾	Two month	5.56	Three year	5.81
Broker loan rate	7½	Three month	5.48	Five year	5.92
Fed.funds	[illegible]	Six month	5.57	10-year	6.06
Fed.funds at intervention	-	One year	5.61	30-year	6.44

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	114.80	115.18	+0.28	115.24	114.60	139,533	97,931
Mar	114.30	114.66	+0.24	114.66	114.20	1,315	3,800
Jun	114.48	114.40	-0.20	114.48	114.40	59	1,418

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Nov	Calls Dec	Calls Mar	Puts Nov	Puts Dec	Puts Mar
114	1.32	1.72	-	0.18	0.60	1.30
115	0.65	1.10	-	0.46	0.97	1.75
116	0.21	0.61	-	-	1.50	-
117	0.04	0.28	-	-	-	-
118	-	0.13	-	-	-	-

Est. vol. total, Calls 14,207 Puts 17,554. Previous day's open int., Calls 141,013 Puts 153,260.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.46	95.47	-0.14	95.60	95.32	116963	187502
Mar	94.85	94.88	-0.14	94.86	94.78	417	4086

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
9500	0.67	0.87	0.82	1.15	0.20	0.50	0.94	1.27
9550	0.37	0.68	0.60	0.92	0.40	0.71	1.22	1.54
9600	0.17	0.45	0.42	0.73	0.70	0.98	1.54	1.85

Est. vol. total, Calls 10844 Puts 11006. Previous day's open int., Calls 198830 Puts 162934

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	101.37	101.98	+0.44	102.10	101.22	38297	45419
Mar	-	101.81	+0.44	-	-	0	45

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
10150	1.60	2.50	1.14	2.39
10200	1.34	2.26	1.38	2.65
10250	1.10	2.04	1.64	2.93

Est. vol. total, Calls 4520 Puts 1643. Previous day's open int., Calls 38579 Puts 42052

Spain

■ NOTIONAL SPANISH BONO FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	88.10	88.38	+0.17	88.42	88.04	32,364	29,599
Mar	87.95	88.35	-0.40	87.95	97.95	1	a

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	104-30	105-04	-0-02	105-11	104-24	48455	97677
Mar	104-21	104-18	-0-03	104-21	104-21	20	246

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
105	0-47	1-15	1-17	1-53	0-39	1-07	1-45	2-17
106	0-20	0-49	0-54	1-25	1-12	1-41	2-19	2-53
107	0-07	0-28	0-35	1-03	1-63	2-20	2-63	3-31

Est. vol. total, Calls 3075 Puts 2820. Previous day's open int., Calls 34637 Puts 28381

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	86.00	86.30	+0.22	86.40	85.88	1,871	7,652

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	115-19	115-17	-0-03	115-20	115-10	196,177	341,982
Mar	115-02	115-04	-0-05	115-06	114-31	1,479	15,845
Jun	-	114-26	-	-	-	261	3,379

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	120.40	-	-	120.55	120.38	2000	0
Mar	119.40	-	-	119.43	119.40	180	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Wed Oct 11	Day's change %	Tue Oct 10	Accrued interest	xd adj. ytd		Low coupon yield Oct 11	Oct 10	Yr. ago	Medium coupon yield Oct 11	Oct 10	Yr. ago	High coupon yield Oct 11	Oct 10	Yr. ago
1 Up to 5 years (23)	121.10	-0.07	121.19	1.60	8.86	5 yrs	7.70	7.66	8.50	7.70	7.67	8.57	7.80	7.76	8.70
2 5-15 years (21)	144.07	-0.11	144.22	1.97	9.78	15 yrs	8.29	8.27	8.51	8.32	8.31	8.64	8.41	8.39	8.87
3 Over 15 years (9)	159.07	-0.14	159.30	2.75	8.84	20 yrs	8.33	8.31	8.47	8.37	8.35	8.64	8.44	8.42	8.73
4 Irredeemables (6)	181.18	-0.38	181.86	3.87	8.63	Irred.†	8.44	8.41	8.55						
5 All stocks (59)	139.95	-0.10	140.09	1.99	9.54										

Index-linked							Inflation 5% Oct 11	Oct 10	Yr. ago	Inflation 10% Oct 11	Oct 10	Yr. ago
6 Up to 5 years (1)	191.95	-0.13	192.19	-0.36	8.37	Up to 5 yrs	3.33	3.27	3.88	2.28	2.22	2.64
7 Over 5 years (11)	183.30	-0.01	183.32	1.00	4.00	Over 5 yrs	3.78	3.76	3.86	3.57	3.57	3.86
8 All stocks (12)	183.37	-0.02	183.39	0.97	4.10							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Oct 11	Oct 10	Oct 9	Oct 6	Oct 5	Yr ago	High*	Low*
Govt. Secs. (UK)	92.63	92.78	92.94	93.11	93.34	91.34	95.51	90.22
Fixed interest	110.92	111.04	111.44	111.55	111.78	107.75	114.66	108.77

* for 1995. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Oct 10	Oct 9	Oct 6	Oct 5	Oct 4
Gilt Edged bargains	89.5	73.5	84.6	72.0	77.2
5-day average	79.4	79.5	79.7	79.7	83.0

UK GILTS PRICES

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on October 11

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 5 97	1000	98¾	98⅞		6.00
Abbey Natl Treasury 6½ 03	1000	99¼	99½	-¼	6.62
ABN Amro Bank 7¼ 05	1000	103⅜	103⅞		6.84
African Dev Bk 7⅞ 23	500	101⅛	101⅞	-¼	7.25
Sweden 8 97	2500	106½	106⅞		4.62
United Kingdom 7¼ 97	5500	105	105¼	-⅛	4.51
Volkswagen Intl Fin 7 03	1000	101	101¼	-⅛	6.82
World Bank 0 15	2000	26	26	+¼	6.80
World Bank 6⅞ 03	3000	95¾	95¾		6.57
Abbey Natl Treasury 8 03 £	1000	97⅛	97⅜		8.52
Alliance Leics 11½ 97 £	100	106	106¼	+⅛	7.15
British Land 8⅞ 23 £	150	90⅝	91⅛	+⅛	10.11
Denmark 6¾ 98 £	800	98⅛	98⅜		7.49
EIB 8 98 £	1000	98⅝	98⅞	-⅛	8.33
[illegible]					

CURRENCIES AND MONEY

MARKETS REPORT

Franc rallies as Juppe avoids prosecution

By Philip Gawith

The franc rallied on the foreign exchanges yesterday when it was announced that Mr Alain Juppe, the French prime minister, would not be prosecuted for an offence committed concerning his housing lease.

Mr Juppe's political woes precipitated a fall in the franc last week, so news that he would avoid prosecution, which would almost certainly have precipitated his resignation, was well received. But with the franc's troubles widely believed to be economic in nature, there was little sense that the currency had gained anything other than a short term respite.

The franc gained two centimes to finish in London at FFr3.487 against the D-Mark from FFr3.506. The relative strength of the franc spread to other European cross-rates, with the D-Mark losing ground across the board. Against the Italian lira it closed at L1,128 from L1,136.

The dollar finished slightly firmer against the weaker D-Mark, at DM1.4249 from DM1.4176. Against the yen it closed at Y100.855 from Y100.55. Activity was generally very quiet, with little fresh news to trade off other than the Juppe developments.

Sterling had a quiet day, closing at DM2.2415, from DM2.2364, and at $1.5731 from $1.5776. In Germany, the repo rate fell a further two basis points to 4.03 per cent from 4.05 per cent.

The Mexican peso finished unchanged at 6.735 pesos against the dollar, after falling 20 pesos at the beginning of the week.

■ A French franc crisis would not be complete without some withering official comment at the expense of foreign exchange traders. Yesterday it was the turn of Mr Jean Arthuis, the French finance minister, who said it was "despicable" that market tensions lead to interest rate rises.

Mr Arthuis said: "I think the markets are feeding off rumours and pecadilloes. There are operators who make a profit in a few hours...Our policy is a long-term one."

And Mr Francois Baroin, the government spokesman, said "the markets, mainly British and the US, wanted to stage a speculative run on the franc." He added that the French government "does not want to sacrifice its public sector to meet the interests of foreign investors."

Mr Malcolm Barr, economist at Chemical Bank in London, said the next development would be the November 13/14 welfare debates, which would provide a further illustration of government commitment to reining in state expenditure.

■ For those curious at the dollar's recent rangebound behaviour, a new explanation is on offer: it is trading close to fair value. Mr David Shaw, head of strategy at the investment management arm of Legal & General in London, has examined the paradox between the US's huge trade deficit, and the popular view that the dollar is undervalued.

Price competitiveness of US exports as reflected in purchasing power parity (PPP) suggests the dollar is undervalued by about 27.5 per cent on its Bank of England trade-weighted index, and has been similarly undervalued for the past five years.

Mr Shaw, however, believes estimates of US price competitiveness are not accurate, because of defects in PPP as a benchmark; while the dollar's true international value is incorrect because 40 per cent of US exports are to countries not included in the Bank's TWI.

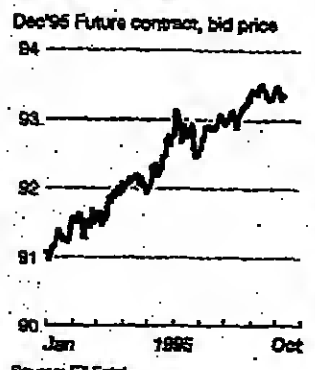
The Federal Reserve Board of Dallas has an index weighted in proportion to the pattern of US trade. Whereas the top five countries in the Bank of England's TWI represent 80 per cent of the weights, they only represent 48 per cent of the total in the FRB index. Mexico and four South East Asian countries make up the rest of the FRB's top ten, and against all of these countries' currencies the US dollar has appreciated since 1990.

The FRB index suggests that the Bank of England's TWI undervalues the dollar by as much as 12 per cent. Given that PPP estimates are "almost certainly also overstating the dollar's price competitiveness," Mr Shaw concludes that the dollar is trading close to fair value. The corollary is that there is "no prima facie justification for any further sustained dollar advance."

■ The Bank of England provided £555m assistance towards clearing a £750m daily market shortage.

Short sterling

Dec'95 Future contract, bid price



Source: FT Extel

■ Pound in New York

Oct 11	Latest	Prev. close
£ spot	1.5730	1.5775
1 mth	1.5718	1.5763
3 mth	1.5697	1.5742
1 yr	1.5587	1.5630

■ OTHER CURRENCIES

Oct 11	£	$
Czech Rp	41.4758 - 41.5273	26.3740 - 26.3900
Hungary	206.467 - 206.577	131.290 - 131.340
Iran	4720.80 - 4717.80	3000.00 - 3000.00
Kuwait	0.4715 - 0.4722	0.2996 - 0.3001
Poland	3.8474 - 3.8530	2.4465 - 2.4485
Russia	7078.05 - 7078.27	4498.00 - 4501.00
U.A.E.	5.7749 - 5.7794	3.6722 - 3.6727

POUND SPOT FORWARD AGAINST THE POUND

Oct 11		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.7729	+0.0856	634 - 823	15.7913	15.7146	15.7425	2.3	15.6839	2.3	-	-	107.0
Belgium	(BFr)	46.1304	+0.0919	929 - 679	46.1870	45.9100	46.0354	2.5	45.8454	2.5	45.1104	2.2	109.8
Denmark	(DKr)	8.6938	+0.0023	886 - 989	8.7120	8.6765	8.6881	1.1	8.6698	1.1	8.6071	1.0	110.3
Finland	(FM)	6.7731	-0.0207	650 - 811	6.8100	6.7620	6.7687	0.8	6.7607	0.7	-	-	88.0
France	(FFr)	7.8176	-0.022	127 - 224	7.8565	7.8098	7.8245	-1.1	7.83	-0.6	7.8247	-0.1	109.3
Germany	(DM)	2.2415	+0.0051	402 - 427	2.2456	2.2321	2.2363	2.8	2.2269	2.6	2.186	2.5	112.3
Greece	(Dr)	368.986	+0.675	790 - 182	369.785	366.847	-	-	-	-	-	-	67.1
Ireland	(I£)	0.9771	-0.0019	762 - 780	0.9799	0.9762	0.9763	1.0	0.975	0.9	0.9719	0.5	97.7
Italy	(L)	2526.64	-10.9	678 - 051	2540.77	2523.41	2535.89	-3.4	2550.79	-3.5	2618.94	-3.8	70.0
Luxembourg	(LFr)	46.1304	+0.0919	929 - 679	46.1870	45.9100	46.0354	2.5	45.8454	2.5	45.1104	2.2	109.5
Netherlands	(Fl)	2.5114	+0.0066	099 - 129	2.5163	2.5005	2.505	3.1	2.494	2.8	2.4478	2.5	109.6
Norway	(NKr)	9.8681	-0.0094	626 - 736	9.9127	9.8544	9.8557	1.5	9.8338	1.4	9.7584	1.1	99.5
Portugal	(Es)	235.352	+0.147	198 - 505	235.713	234.864	235.892	-2.8	237.112	-3.0	-	-	95.5
Spain	(Pta)	194.325	+0.207	169 - 481	194.481	193.407	194.825	-3.1	195.765	-3.0	200.165	-3.0	81.1
Sweden	(SKr)	10.9446	-0.012	348 - 543	10.9783	10.9348	10.9468	-0.2	10.9513	-0.2	10.9747	-0.3	82.7
Switzerland	(SFr)	1.8174	+0.0079	164 - 183	1.8212	1.8087	1.8103	4.7	1.7984	4.2	1.7455	4.0	115.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.5
Ecu	-	1.2220	-0.0001	212 - 227	1.2245	1.2167	1.2209	1.1	1.2187	1.1	1.2093	1.0	-
SDR†	-	1.056800	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5729	-0.0044	723 - 734	1.5788	1.5720	-	-	-	-	-	-	-
Brazil	(R$)	1.5077	-0.0041	070 - 083	1.5127	1.5064	-	-	-	-	-	-	-
Canada	(C$)	2.1021	-0.0091	010 - 081	2.1115	2.1009	2.1012	0.5	2.101	0.2	2.1081	-0.2	85.8
Mexico	(New Peso)	10.5949	-0.0299	679 - 218	10.6583	10.6157	-	-	-	-	-	-	-
USA	($)	1.5731	-0.0045	726 - 736	1.5790	1.5720	1.5719	0.9	1.5687	0.9	1.5589	0.9	92.9
Pacific/Middle East/Africa													
Australia	(A$)	2.0805	-0.0221	592 - 618	2.0848	2.0592	2.0818	-0.8	2.0847	-0.6	2.0784	-0.8	87.4
Hong Kong	(HK$)	12.1620	-0.034	573 - 686	12.2071	12.1544	12.1585	0.3	12.1461	0.5	12.1125	0.4	-
India	(Rs)	53.2652	-0.1743	325 - 978	53.4970	53.2325	-	-	-	-	-	-	-
Israel	(Shk)	4.7227	-0.0084	175 - 279	4.7329	4.7175	-	-	-	-	-	-	-
Japan	(Y)	158.665	+0.032	550 - 781	159.560	158.440	157.74	6.9	156.13	6.4	149.205	6.0	142.8
Malaysia	(M$)	3.9949	-0.0069	928 - 969	4.0078	3.9928	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3830	-0.0069	813 - 846	2.3846	2.3796	2.3899	-3.0	2.3962	-2.6	2.4238	-1.7	101.3
Philippines	(Peso)	40.8299	-0.1391	854 - 743	40.8743	40.8514	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8999	-0.0167	977 - 021	5.9220	5.8959	-	-	-	-	-	-	-
Singapore	(S$)	2.2396	-0.0108	381 - 411	2.2532	2.2381	-	-	-	-	-	-	-
South Africa	(R)	5.7454	-0.0144	423 - 484	5.7634	5.7409	-	-	-	-	-	-	-
South Korea	(Won)	1208.06	-5.39	760 - 852	1213.95	1207.30	-	-	-	-	-	-	-
Taiwan	(T$)	42.3235	-0.1008	961 - 519	42.4871	42.2951	-	-	-	-	-	-	-
Thailand	(Bt)	39.5163	-0.0802	880 - 446	39.6870	39.4880	-	-	-	-	-	-	-

† Rates for Oct 10. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 11		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.0266	+0.0508	238 - 294	10.0400	9.9815	10.0115	1.8	9.9814	1.8	9.8721	1.5	107.1
Belgium	(BFr)	29.3245	+0.141	100 - 390	29.3640	29.1490	29.2835	1.7	29.2045	1.6	28.9045	1.4	109.2
Denmark	(DKr)	5.5265	+0.017	250 - 280	5.5375	5.4974	5.5273	-0.2	5.523	0.3	5.5325	-0.1	109.5
Finland	(FM)	4.3056	-0.001	019 - 093	4.3292	4.2904	4.3052	0.1	4.3041	0.1	4.2996	0.1	86.9
France	(FFr)	4.9695	-	680 - 710	4.9852	4.9560	4.978	-2.1	4.988	-1.5	5.0095	-0.8	108.7
Germany	(DM)	1.4249	+0.0073	245 - 252	1.4270	1.4150	1.4227	1.9	1.4183	1.8	1.3998	1.8	111.8
Greece	(Dr)	234.580	+1.09	510 - 610	235.100	232.640	236.285	-8.8	239.485	-8.4	252.95	-7.5	66.9
Ireland	(I£)	1.6100	-0.0019	090 - 110	1.6125	1.6060	1.6102	-0.1	1.6103	-0.1	1.6168	-0.4	-
Italy	(L)	1607.43	-2.37	675 - 810	1612.00	1604.00	1614.18	-5.0	1626.23	-4.7	1683.43	-4.7	89.4
Luxembourg	(LFr)	29.3245	+0.141	100 - 390	29.3640	29.1490	29.2835	1.7	29.2045	1.6	28.9045	1.4	109.2
Netherlands	(Fl)	1.5965	+0.0081	960 - 969	1.5990	1.5860	1.5938	2.0	1.5888	1.8	1.5688	1.7	109.1
Norway	(NKr)	6.2790	+0.0117	715 - 745	6.2850	6.2437	6.2692	0.7	6.263	0.6	6.253	0.3	98.5
Portugal	(Es)	149.610	+0.515	560 - 660	149.840	148.830	150.075	-3.7	151.095	-3.9	155.71	-4.1	95.8
Spain	(Pta)	123.530	+0.48	470 - 590	123.630	122.850	123.91	-3.7	124.68	-3.7	128.175	-3.8	80.7
Sweden	(SKr)	6.9573	+0.012	533 - 613	6.9773	6.9403	6.9748	-3.0	7.0113	-3.1	7.1798	-3.2	82.0
Switzerland	(SFr)	1.1553	+0.0062	550 - 555	1.1578	1.1455	1.1517	3.7	1.1458	3.4	1.1178	3.2	115.5
UK	(£)	1.5731	-0.0045	726 - 736	1.5790	1.5720	1.5719	0.9	1.5687	0.8	1.5589	0.9	83.9
Ecu	-	1.2874	-0.0035	870 - 877	1.2950	1.2845	1.2878	-0.4	1.2885	-0.3	1.2908	-0.3	-
SDR†	-	0.66910	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	1.0000	0.9999	-	-	-	-	-	-	-
Brazil	(R$)	0.9584	+0.0001	583 - 585	0.9584	0.9583	-	-	-	-	-	-	-
Canada	(C$)	1.3363	-0.002	360 - 365	1.3390	1.3333	1.3368	-0.4	1.3381	-0.5	1.3483	-0.9	84.5
Mexico	(New Peso)	6.7350	-	200 - 500	6.7500	6.7150	6.7373	-0.4	6.7405	-0.3	6.7453	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	93.9
Pacific/Middle East/Africa													
Australia	(A$)	1.3098	-0.0103	094 - 103	1.3109	1.3077	1.3119	-1.6	1.3152	-1.5	1.3349	-1.9	87.6
Hong Kong	(HK$)	7.7312	+0.0002	307 - 317	7.7317	7.7315	7.7328	-0.2	7.7347	-0.2	7.755	-0.3	-
India	(Rs)	33.8600	-0.015	500 - 700	33.9000	33.8300	34.01	-5.3	34.315	-5.4	35.785	-5.7	-
Israel	(Shk)	3.0022	+0.0032	998 - 045	3.0045	2.9930	-	-	-	-	-	-	-
Japan	(Y)	100.855	+0.305	820 - 890	101.170	100.500	100.36	5.9	99.44	5.6	95.565	5.2	143.1
Malaysia	(M$)	2.5395	+0.0028	390 - 400	2.5400	2.5343	2.5395	0.0	2.5398	-0.1	2.5475	-0.3	-
New Zealand	(NZ$)	1.5147	-0.0002	142 - 151	1.5154	1.5098	1.5188	-3.2	1.5263	-3.1	1.551	-2.4	-
Philippines	(Peso)	25.8550	-0.015	350 - 750	25.8750	25.8350	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 507	3.7507	3.7505	3.7511	-0.2	3.7519	-0.1	3.7551	-0.1	-
Singapore	(S$)	1.4237	-0.0028	232 - 242	1.4280	1.4230	1.4203	2.9	1.414	2.7	1.3892	2.4	-
South Africa	(R)	3.6523	+0.0012	515 - 530	3.6530	3.6495	3.6776	-8.3	3.7276	-8.3	3.9588	-8.4	-
South Korea	(Won)	787.950	-1.25	900 - 000	788.800	787.400	770.95	-4.7	774.45	-3.4	782.95	-3.3	-
Taiwan	(T$)	26.9045	+0.012	950 - 140	26.9140	26.8840	26.9245	-0.9	26.9645	-0.8	-	-	-
Thailand	(Bt)	25.1200	+0.02	100 - 300	25.1300	25.1000	25.2075	-4.2	24.855	4.2	26.075	-3.8	-

† SDR rate per $ for Oct 10. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 10. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

October 11	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4⅛	4⅛	4⅛	4⅛	4⅛	8.00	3.50	-
week ago	4	4⅛	4⅛	4⅛	4⅛	8.00	3.50	-
France	6⅝	7⅝	7¼	7⅛	9½	5.00	-	7.25
week ago	5⅝	7⅝	8⅛	6¼	8⅛	5.00	-	6.16
Germany	4½	4	4	4	4	5.60	3.50	4.03
week ago	4½	4	4⅛	4⅛	4	5.50	3.50	4.05
Ireland	5½	5⅞	5⅞	6⅛	6⅜	-	-	6.25
week ago	5⅞	5⅞	5⅞	5⅞	6¼	-	-	6.25
Italy	10⅛	10⅝	10⅛	10⅝	10⅞	-	9.00	10.36
week ago	10⅛	10⅝	10⅛	10⅞	10⅞	-	9.00	10.36
Netherlands	3⅞	3⅞	3⅞	3⅞	4⅛	-	3.50	3.80
week ago	3⅞	3⅞	3⅞	3⅞	4⅛	-	3.50	3.80
Switzerland	1⅞	2⅛	2⅛	2⅛	2⅛	5.00	2.00	-
week ago	2⅛	2⅛	2⅛	2⅞	2⅞	5.00	2.00	-
US	5⅞	5⅞	5⅞	5⅞	5⅝	-	5.25	-
week ago	5⅞	5⅞	5⅞	5⅞	6⅛	-	5.25	-
Japan	⅞	½	½	¼	⅛	-	0.50	-
week ago	⅞	½	⅛	⅛	⅛	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅝	5⅞	5⅞	5⅝	-	-	-
week ago	-	5⅝	5⅞	5⅞	5⅞	-	-	-
US Dollar CDs	-	5.61	5.60	5.60	5.65	-	-	-
week ago	-	5.61	5.62	5.63	5.71	-	-	-
ECU Linked Ds	-	5⅞	5⅞	5⅞	5⅝	-	-	-
week ago	-	5⅞	5⅞	5⅞	5⅞	-	-	-
SDR Linked Ds	-	3⅞	3⅞	3⅞	3⅞	-	-	-
week ago	-	3⅞	3⅞	3⅞	3⅞	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 11	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4⅞ - 4⅛	4⅞ - 4⅛	4⅞ - 4⅛	4⅞ - 4⅛	4⅞ - 4⅜	4½ - 4⅜
Danish Krone	6½ - 6¼	5⅞ - 5⅞	5⅞ - 5⅞	5⅞ - 5⅞	5⅞ - 5⅞	6 - 5¾
D-Mark	4⅛ - 4⅛	4⅛ - 4	4⅛ - 3⅞	4⅛ - 3⅞	4 - 3⅞	4 - 3⅞
Dutch Guilder	3⅞ - 3⅞	3⅞ - 3⅞	3⅞ - 3⅞	3⅞ - 3⅞	3⅞ - 3⅞	4⅛ - 3⅞
French Franc	6 - 5½	7 - 6½	7¼ - 7	7⅛ - 6⅞	7⅛ - 6¾	6⅞ - 6¼
Portuguese Esc.	8⅞ - 8⅞	9⅞ - 8¾	9¼ - 9	9⅞ - 9¼	9½ - 9⅛	9¾ - 9½
Spanish Peseta	9½ - 9⅜	9½ - 9⅜	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9½	9⅞ - 9⅞
Sterling	6¾ - 6⅝	6¾ - 6⅝	6⅞ - 6⅞	6⅞ - 6⅞	6⅞ - 6¾	6⅞ - 6¾
Swiss Franc	1⅞ - 1⅞	2⅛ - 1⅞	2⅛ - 2	2¼ - 2⅛	2¼ - 2⅛	2⅞ - 2⅞
Can. Dollar	6¼ - 6	6⅛ - 6	6¼ - 6⅛	6⅜ - 6¼	6½ - 6⅜	6⅞ - 5⅞
US Dollar	5¾ - 5½	5⅞ - 5⅞	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5¾	5⅞ - 5⅞
Italian Lira	8⅞ - 8⅞	10⅜ - 10⅛	10⅜ - 10⅛	10⅝ - 10½	10¾ - 10⅝	10¾ - 10⅝
Yen	⅛ - ½	⅛ - ⅛	⅛ - ⅛	⅛ - ⅛	⅛ - ⅛	⅜ - ½
Asian $Sing	3 - 2⅞	2⅞ - 2⅞	2⅞ - 2⅞	2⅞ - 2⅞	3 - 2⅞	3⅛ - 3⅛

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	92.86	93.04	+0.18	93.09	92.73	74,372	39,543
Mar	93.90	93.88	-0.04	93.98	93.77	16,861	28,191
Jun	94.40	94.34	-0.07	94.41	94.28	7,116	25,001

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.06	96.02	-0.04	96.06	96.01	21471	139174
Mar	96.19	96.09	-0.07	96.19	96.06	43800	162475
Jun	96.04	95.97	-0.09	96.04	95.95	33495	122341
Sep	95.82	95.76	-0.09	95.82	95.75	19262	86129

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	89.36	89.45	+0.07	89.47	89.32	9293	35381
Mar	89.75	89.80	+0.05	89.82	89.71	3271	23479
Jun	89.85	89.92	+0.05	89.90	89.83	391	12901
Sep	89.85	89.90	+0.04	89.91	89.85	116	7693

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	97.66	97.66	-0.03	97.68	97.63	3075	24679
Mar	97.75	97.72	-0.05	97.75	97.70	1823	14610
Jun	97.64	97.62	-0.06	97.64	97.60	506	5316
Sep	97.44	97.43	-0.08	97.44	97.41	248	2701

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.17	94.26	+0.09	94.29	94.12	3167	8168
Mar	94.40	94.46	+0.05	94.46	94.35	796	3957
Jun	94.43	94.48	+0.04	94.47	94.37	95	2569
Sep	94.26	94.30	+0.03	94.31	94.22	114	1477

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
8925	0.50	0.91	1.08	0.30	0.36	0.41
8950	0.35	0.75	0.92	0.40	0.45	0.50
8975	0.24	0.60	0.77	0.54	0.55	0.60

Est. vol. total, Calls 25 Puts 25. Previous day's open int., Calls 12574 Puts 5949

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 11		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.85	16.95	4.860	2.118	5480	5.443	21.39	510.1	421.2	23.72	3.939	2.168	4.567	3.410	343.8	2.649
Denmark	(DKr)	53.06	10	8.991	2.579	1.124	2908	2.888	11.35	270.6	223.5	12.58	2.090	1.150	2.418	1.809	182.4	1.406
France	(FFr)	59.01	11.12	10	2.868	1.250	3234	3.212	12.62	301.0	248.6	14.00	2.324	1.279	2.689	2.012	202.9	1.563
Germany	(DM)	20.58	3.878	3.487	1	0.436	1128	1.120	4.401	105.0	86.65	4.880	0.810	0.446	0.938	0.702	70.74	0.545
Ireland	(I£)	47.22	8.899	8.001	2.295	1	2588	2.570	10.10	240.8	198.9	11.20	1.860	1.024	2.151	1.610	162.3	1.251
Italy	(L)	1.825	0.344	0.309	0.089	0.039	100.	0.099	0.390	9.308	7.686	0.433	0.072	0.040	0.083	0.062	6.274	0.048
Netherlands	(Fl)	18.37	3.462	3.113	0.893	0.389	1007	1	3.930	93.71	77.39	4.357	0.724	0.398	0.837	0.625	63.16	0.487
Norway	(NKr)	46.75	8.810	7.922	2.272	0.990	2562	2.545	10	238.4	196.9	11.09	1.841	1.013	2.130	1.594	160.7	1.238
Portugal	(Es)	19.60	3.695	3.322	0.953	0.415	1074	1.067	4.194	100.	82.58	4.649	0.772	0.425	0.893	0.669	67.40	0.519
Spain	(Pta)	23.74	4.475	4.023	1.154	0.503	1301	1.292	5.079	121.1	100.	5.630	0.935	0.515	1.082	0.810	81.63	0.629
Sweden	(SKr)	42.17	7.947	7.145	2.049	0.893	2311	2.295	9.020	215.1	177.6	10	1.661	0.914	1.921	1.438	145.0	1.117
Switzerland	(SFr)	25.39	4.785	4.302	1.234	0.538	1391	1.382	5.431	129.5	106.9	6.021	1	0.550	1.157	0.866	87.29	0.673
UK	(£)	46.13	8.694	7.817	2.242	0.977	2528	2.511	9.868	235.3	194.3	10.94	1.817	1	2.102	1.573	158.6	1.222
Canada	(C$)	21.95	4.136	3.719	1.067	0.465	1203	1.195	4.695	111.9	92.44	5.205	0.864	0.476	1	0.748	75.45	0.581
US	($)	29.33	5.527	4.969	1.425	0.621	1607	1.596	6.273	149.6	123.5	6.955	1.155	0.636	1.336	1	100.8	0.777
Japan	(Y)	29.09	5.482	4.929	1.414	0.616	1594	1.583	6.222	148.4	122.5	6.898	1.146	0.631	1.325	0.992	100.	0.770
Ecu		37.75	7.115	6.397	1.835	0.800	2069	2.055	8.075	192.6	159.0	8.953	1.487	0.819	1.720	1.287	129.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7074	0.7042	-0.0036	0.7089	0.7028	19,032	50,524
Mar	0.7118	0.7077	-0.0037	0.7119	0.7066	98	2,451
Jun	-	0.7100	-	-	0.7100	1	66

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0040	0.9999	-0.0044	1.0051	0.9982	11,826	57,867
Mar	1.0132	1.0146	-0.0053	1.0148	1.0130	104	8,752
Jun	-	1.0321	-	-	-	10	319

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8762	0.8713	-0.0064	0.8790	0.8696	12,359	32,898
Mar	0.8782	0.8790	-0.0062	0.8792	0.8770	38	2,202
Jun	-	0.8860	-	-	0.8860	1	51

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5742	1.5712	-0.0030	1.5752	1.5686	9,813	36,259
Mar	1.5680	1.5680	-0.0028	1.5680	1.5650	2	119
Jun	-	1.5640	-	-	1.5640	14	10

UK INTEREST RATES

LONDON MONEY RATES

Oct 11	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7⅝ - 6¼	6¾ - 6⅝	6¾ - 6⅝	6⅞ - 6⅞	6⅞ - 6⅞	6⅞ - 6¾
Sterling CDs	-	-	6⅞ - 6⅞	6⅞ - 6⅞	6¾ - 6⅞	6¾ - 6⅞
Treasury Bills	-	-	6⅞ - 6⅞	6⅝ - 6⅝	-	-
Bank Bills	-	-	6⅞ - 6⅝	6⅝ - 6⅞	6⅞ - 6½	-
Local authority deps.	6⅝ - 6½	6⅝ - 6½	6⅞ - 6⅝	6¾ - 6⅞	6¾ - 6⅞	6¾ - 6⅝
Discount Market deps	7¼ - 9½	6⅞ - 6⅞	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount 6.5773pc. ECGD fixed rate Stlg. Export Finance. Make up day Sep 29, 1995. Agreed rate for period Oct 25, 1995 to Nov 25, 1995, Schemes II & III 8.04pc. Reference rate for period Sep 1, 1995 to Sep 29, 1995, Schemes IV & V 6.795pc. Finance House Base Rate 7pc from October 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.32	93.35	-	93.36	93.30	20476	98191
Mar	93.36	93.37	-0.02	93.38	93.27	28745	61089
Jun	93.25	93.26	-0.04	93.27	93.16	20921	44057
Sep	93.07	93.04	-0.08	93.09	92.93	13226	33401
Dec	92.87	92.80	-0.12	92.87	92.73	7323	26472

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
9325	0.20	0.37	0.46	0.10	0.25	0.45
9350	0.09	0.24	0.33	0.23	0.37	0.57
9375	0.03	0.14	0.23	0.43	0.52	0.72

Est. vol. total, Calls 9757 Puts 9494. Previous day's open int., Calls 141353 Puts 127669

EMS EUROPEAN CURRENCY UNIT RATES

Oct 11	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.09683	+0.00303	-2.57	5.83	18
Belgium	39.3960	38.5247	+0.0501	-2.21	5.45	16
Germany	1.91007	1.87192	+0.00261	-2.00	5.21	20
Austria	13.4383	13.1730	+0.0205	-1.97	5.19	14
Denmark	7.28580	7.26486	+0.00087	-0.29	3.41	2
Spain	162.493	162.090	-0.141	-0.25	3.37	2
Portugal	195.792	196.550	-0.012	0.39	2.72	-3
France	6.40608	6.53855	-0.02123	2.04	1.06	-17
Ireland	0.792214	0.816878	-0.000184	3.11	0.00	-21
NON ERM MEMBERS						
Greece	292.867	307.874	+0.468	5.16	-1.84	-
Italy	2106.15	2114.76	-6.38	0.41	2.69	-
UK	0.786652	0.834991	+0.001081	6.14	-2.86	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	Calls Oct	Calls Nov	Calls Dec	Puts Oct	Puts Nov	Puts Dec
1.540	3.57	-	4.36	-	0.37	0.94
1.550	2.57	3.83	3.67	-	0.58	1.25
1.560	1.66	3.04	3.04	-	0.79	1.62
1.570	0.84	2.38	2.53	0.15	1.17	2.05
1.580	0.27	1.76	2.27	0.59	1.67	2.29
1.590	0.06	1.26	2.04	1.34	2.28	2.57

Previous day's vol., Calls N/A Puts N/A. Prev. day's open int., Calls N/A Puts N/A

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.23	94.23	-	94.23	94.21	53,081	411,239
Mar	94.37	94.36	-0.02	94.37	94.35	61,896	357,170
Jun	94.33	94.32	-0.02	94.33	94.31	33,539	245,887

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.78	94.79	-	94.79	94.78	685	13,011
Mar	94.85	94.87	-	94.87	94.84	174	3,392
Jun	-	94.84	-	94.85	-	9	149

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	Calls Oct	Calls Nov	Calls Dec	Calls Mar	Puts Oct	Puts Nov	Puts Dec	Puts Mar
9600	0.04	0.07	0.11	0.24	0.02	0.05	0.09	0.15
9625	0	0.01	0.03	0.11	0.23	0.24	0.26	0.27
9650	0	0	0.01	0.05	0.48	0.48	0.48	0.48

Est. vol. total, Calls 5024 Puts 4210. Previous day's open int., Calls 227087 Puts 224025

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
9750	0.22	0.39	0.34	0.06	0.11	0.22
9775	0.06	0.18	0.20	0.15	0.19	0.33
9800	0.03	0.07	0.10	0.37	0.35	0.48

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 5125 Puts 800

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.50	●Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williman Secs	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	United Bank of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75	* In administration	
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

The FT GUIDE TO WORLD CURRENCIES, published in Monday's newspaper and covering over 200 currencies, is now available by dialling the following number from the keypad or handset of your fax machine. 0891 437 001.
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LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or -	1995 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Prf L		50½#	—	98	50¼	8.37	19.8	–
8¼pc Non-Cum Prf		4⅝#	—	118½	3	1.90	–	–
Cater Allen	♣v	483	—	525	418	167.5	7.5	7.3
Close Bros	♣v	305xa	-5	*349½	216¼	380.3	3.6	ф
Gerrard & Nat	♣v	448	—	488	395	218.9	6.3	14.5
Hambros	v□	270	—	253	100	388.4	4.5	52.4
7½pc Cv Pf		103½	—	112	94	133.3	9.1	–
Joseph (L)	♣v	443	—	463	353	23.5	5.8	24.7
King & Shaxson	♣v	129	-6	145	90	33.2	6.7	10.8
Rea Brothers	♣v	48	—	67	45	22.4	2.7	16.4
Schroders	♣†fv□	1278xd	-12	*1478	905¼	1,929	1.4	18.2
N/V	†fv	1055xd	-17	*1190	823¼	489.5	1.7	15.1
Singer & Fried	♣†v□	107xd	—	118	81	210.4	4.5	11.1
Union	♣v□	116	+1	123	79	29.3	3.4	–
Wintrust	♣v	285	—	285	200	28.1	4.0	16.9

BANKS, RETAIL

	Notes	Price	+ or -	1995 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£20⅞	+⅛	£22⅛	22⅛	7,922	4.9	6.8
ANZ A$	†	287	+3	289	198	3,718	5.3	7.9
Abbey National	♣†v□	549xd	+1	555	413	7,246	4.4	11.0
Allied Irish I£	♣†□	314	-2	328	250	2,093	4.8	9.1
Anglo Irish I£	□	41	—	63	48	209.8	7.3	12.3
Asahi Y	□	649	-19	857¼	632¼	14,090	0.7	–
Banco Bil Viz Pts	□	£19⅞	+⅛	£20½	£14⅛	4,473	4.2	8.8
Banco Sant Pts		£26⅝	—	£27¼	£22⅞	4,212	5.1	17.0
BA Ireland I£	v□	412	+2	412	288	1,888	3.5	8.3
Bank Scotland	♣†v□	245	+1½	259½	191½	2,895	3.2	10.7
9¼pc Pf		112½	+¼	120	108¼	113.5	10.6	–
New 8 1/4pc Pf		112½	—	118¼	108¼	112.5	10.3	–
9¾pc Pf		119½	—	125¼	112¼	110.5	18.2	–
Barclays	♣†v□	727	+2	776	567½	11,795	3.8	0.8
Dai Ichi Kan Y	□	211⅛	-⅛	£13¼	£9⅛	34,516	0.5	–
Deutsche DM	♣□	129	-⅛	*£32⅛	£27⅛	13,768	2.5	–
Espirito Santo	□	87	+½	£9⅞	£6⅛	148.6	11.8	ф
Fuji Bank Y	□	1172¼	-107½	1611	1172¼	33,980	0.5	–
HSBC HK	†v□	878½xd	+3½	838½	578	15,596	4.0	11.4
HSBC (75p Shs)	†v□	808xd	+5	959	589	7,606	3.9	11.7
Irish Permanent	†□	321xd	+3	333	238	244.4	3.5	7.4
Lloyds	†v□	768xd	+49	769	530	10,073	4.4	11.8
Mitsubishi Y	□	412⅛	-⅛	£16⅞	212⅛	36,405	0.4	ф
Mits Tst & Bk Y	□	988	-38	1126¼	729¼	11,480	0.5	15.3
Mitsui Tst & Bk Y	□	597¼	-17¼	743¼	512	6,797	6.8	19.3
Nat Aust A$	†	548xd	+4	592	479	7,824	7.0	8.4
NatWest	†v□	612	+10½	665	454	10,673	4.6	0.5
Ottomane FFr		£26	—	£30	£21½	125.0	6.4	3.5
Ryl Bk Scotland	♣†□	483	-18	497	373½	3,897	3.7	11.6
Sakura Y	□	£9⅞	-⅞	£9⅞	£5⅛	28,580	6.9	38.6
Sanwa Y	□	£11⅞	-⅞	414⅞	£10⅞	33,725	0.5	–
Standard Chartd	†v□	481xd	-5	492½	248	4,851	2.3	12.1
7 3/8pc Prf		95¾	-½	96¾	84¾	[illegible]	10.8	–

CHEMICALS

	Notes	Price	+ or -	1995 high	low	Mkt Cap£m	Yld Gr's	P/E
AGA SKr	□	£25⅞	—	£25⅞	£25⅛	808.5	2.5	14.8
Akzo Fl	□	£79⅞	-⅞	£84⅞	£65⅞	5,354	3.7	11.8
Albright & Wilson	♣Lv□	164xd	—	198	154	514.1	4.0	17.3
Allied Colloids	♣v□	132½	+½	137	103	701.8	3.0	16.7
Amber Ind	v□	238	—	*240	185	37.3	3.0	ф
Amberley	♣v□	81	—	91	47	29.4	3.0	17.6
BASF DM	□	£142⅛	-⅛	£147⅛	£120⅞	8,318	3.1	–
BOC	♣♣v□	830	+6	885	688	4,035	3.7	17.4
BTP	♣♣v□	274	-1	*383	236	448.4	3.5	15.1
Bayer DM	□	£163⅞	+2⅛	£177⅞	£141⅛	11,302	3.5	–
Brent	♣♣†v□	83	-1	118	83	62.9	4.3	19.6
British Vita	♣♣†v□	240xd	-1	278	218	546.3	4.0	15.8
Cambridge Iso S	♣	22	+1	32	30	4.21	–	ф
Canning (W)	♣♣†v	236	+7	239	191	67.0	4.1	15.1
Cementone	♣v	31	+3	48	28	8.82	3.5	6.9
Warrants		8	—	17	5	0.07	–	–
Courtaulds	♣v□	402	+3	469½	321	1,628	4.8	18.8
Croda	♣†v□	381xd	—	387½	330	480.1	3.1	19.7
Doeflex	♣♣†v	222	-1	233	125	32.2	3.3	14.3
Ellis & Everard	♣♣v□	272	—	282	234	268.2	3.5	15.8
Engelhard $		915⅛	+⅛	£29⅞	£9⅛	3,760	1.5	25.3
European Colour	♣♣v□	98	—	*107	58	37.9	2.2	25.5
Gibbon	♣v	200	—	213	114	18.2	3.5	15.8
Hickson	♣♣♣v□	112xd	—	145	100	107.8	4.8	10.7
Hoechst DM	□	£155½	-⅛	£163¼	£123⅞	8,298	3.3	–
Holliday Chemical	♣♣v□	186	-1	221½	190	265.2	3.2	13.0
ICI	†v□	787	-3	849½	660	5,705	4.5	16.8
Inspec	♣†v□	351xd	+16	*360	186¼	408.2	1.7	94.5
Kalon	♣♣†v□	144	—	158	97½	910.8	4.0	16.4
Laporte	♣♣†v□	821xd	—	838	620	1,582	3.5	18.6
MTM	♣♣†v□	72xd	—	85	71	28.7	2.8	12.8
Manders	♣†v	317xd	+2	365	293	128.2	4.4	14.3
Metrotect Inds	♣♣v□	48	—	68	30	18.5	4.2	17.0
Perstorp SKr	□	£29⅞	+⅞	£29⅞	£22	142.8	1.8	19.2
Porvair	♣♣†v	477	—	*485	273¼	102.8	1.5	30.5
Scapa	♣♣v□	230	—	250	188	540.3	3.3	16.8
Sutcliffe Speak	♣♣v□	87	-1	34	16	18.7	1.5	41.9
Wardington	♣v	250xd	—	256	100	80.4	3.3	16.8
Wolstenholme	♣♣†v	1003xd	—	1058	728	73.2	2.7	17.0
Yorkshire	♣v□	418	—	374	275	144.7	3.4	15.4
Yule Catto	♣†v	326xd	—	349	236	329.8	2.0	17.4
Zotefoams	Wv□	284	—	285	170	100.0	2.8	26.6

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OIL, INTEGRATED - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1995 high	1995 low	Mkt CapEm	Yld Gr's	P/E
Anglo Am Ind		£31⅞		£34	£28	2,105	2.8	Φ
Barlow	‡	£7⅛	+⅛	£7⅞	£4⅞	1,517	1.3	27.8
Gold Flds Prop R		142xd		152	118	14.5	7.4	6.5
NK Props		88		95	85	3.48	13.8	-
SASOL	♥	599	+25	640	435	3,186	2.5	-
SA Brews		£20	+⅛	£20	£12⅞	5,788	1.7	Φ
Standard Bank	□	221⅝	+⅛	£22⅞	£20⅞	2,881	2.1	15.3
Tiger Oats		975		975	700	1,488	1.5	23.5
Tongaat-Hulett	†h	789	+8	835	636	719.1	1.8	23.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR "Headline Earnings"formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ¶ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on assumed dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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	Selling Price	Buying Price	+ or -	Yield Gross
NAV (Fully Paid) Sep 29	$10.05		—	—
The Vietnam Fund Limited				
Lloyds Asset Fund Managers (Guernsey) Ltd				
NAV Fully Paid Sep 30	$11.01		—	—
Wellington Fd Mngrs (Bermuda) Ltd				
Intl Growth Fd	$15.72	16.50	—	—
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z)	$14.84		-0.07	—
Wells Fargo B Shs (z)	$15.12		-0.08	—
Worldwide Limited				
NAV Sep 29	$72.46		—	—
Xiphias International Investment Fd Ltd				
Xiphias Global Growth	$9.46		—	—
Xiphias Intl ECU Acc	Ecu1.3076		—	—
Xiphias Intl ECU Dis	Ecu1.1477		—	—
Zanett Lombardier Ltd				
NAV Sep 1	$100.37		—	—
Zweig-DiMenna International Limited				
NAV Sep 29	$130.71		—	—

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars.
Yields % allow for all buying expenses.
Prices of certain older insurance linked plans subject to capital gains tax on sales.
(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Bermuda - Bermuda Monetary Authority
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:
(♥) - 0001 to 1100 hours
(♦) - 1101 to 1400 hours
(♠) - 1401 to 1700 hours
(♣) - 1701 to midnight
E - Exit charge on sale of units.
C - Manager's periodic charge deducted from capital.
H - Historic pricing F - Forward pricing
0 - Distribution free of UK taxes.
p - Periodic premium insurance plans.
s - Single premium insurance.
e - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
x - Offered price includes all expenses except agent's commission.
z - Previous day's price.
§§ - Guernsey gross.
♦ - Yield before Jersey tax.
† - Ex-subdivision. xd - Ex-dividend.
‡ - Only available to charitable bodies
◆ - Yield column shows annualised rates of NAV increase.

LONDON STOCK EXCHANGE

MARKET REPORT

Takeover stories help equities stage good rally

By Steve Thompson, UK Stock Market Editor

Another flood of bid news, Wall Street's astonishing recovery on Tuesday evening, and the US market's resolute performance at the opening yesterday helped promote a strong rally in UK equities.

London remained extremely nervous, however, and dealers were quick to point out that sentiment remained fragile after the 50-point fall recorded on Tuesday.

There was also evidence that the market is expecting more prohlems in tho short term after the FT-SE future stubbornly remainod at a heavy discount to fair valne throughout the oession.

At the close, tha FT-SE 100 index had regained almost a third of Tuesday's losses, settling a net 14.2 higher at 3,474.3. The Mid 250 index recouped 16.6 at 3,919.8.

As trading drew to a close, the market was buzzing with hints that another bid was imminent in the regional electricity stocks, a happy hunting ground for predators since the summer.

Speculators alighted oo Loodon Electricity, whicb was rumoured to be the new target for the two Texas ntilities, Houston Industries and Central & South West Corporation. The US group lost out to North West Water in the battle for control of Norweb.

Early yesterday, North West trumped the Texas partners' bid for Norweb. A oparkling performance by Norweb shares was eclipsed by tho FT-SE 100's top performer, Lloyds Bank which soaled its merger with the TSB gronp to establish the UK's second biggest bank.

Marketmakers said institutions underweight in TSB, long regarded as a poorly-managed underperformer in the sector, had turned aggressive buyers of the stock as a cheap way into the newly-merged company. The day'o other big takeover rumour concerned Gartmore, the fund management group, which was said to have attracted the attention of Dresdner Bank.

Wall Street's recovery on Tuesday, from an early 66-point plunge by the Dow Jones Industrial Average to end the session a mere five points lower, encouraged London dealers to hoist their opening prices.

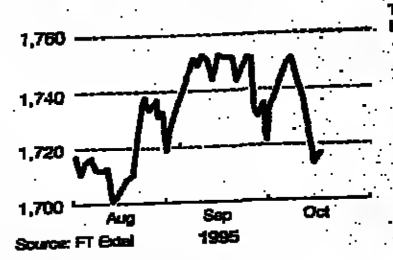
Tho move proved successful, with the FT-SE 100 starting almost 16 points higher before sliding into oegative territory in mid-morning. Marketmakero attribnted the retreat to an almost complete absence of buying interest by the institutions, which preferred to wait until their was evidence that Wall Street had seen off the big sellers of high-tech stocks.

With the Dow coming in firmer, slipping off and then moving ahead again, their was some "cheap buying" by UK institutions in the early afternoon when the FT-SE 100 reached a session peak of 3,480.9, before coming off again.

Turnovor in equities reached 780.8m shares. Customer husiness on Tuesday was £1.97bn.

Dealers braced thamselves for inflation news; the September retail price index is expected to show a 0.3 per cent rise on the month. And Mr Kenneth Clarke, the chancellor of the exchequer, delivers his keynote speech to the Conservative party conference in Blackpool.

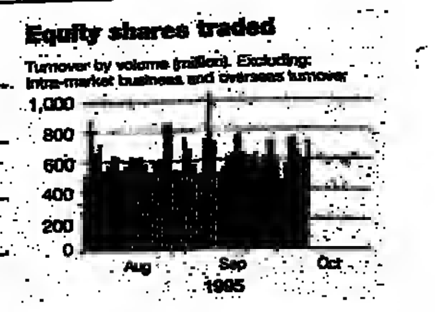
FT-SE-A All-Share index



Source: FT Extel

Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3474.3	+14.2	FT Ordinary index	2562.3	+8.8
FT-SE Mid 250	3919.8	+16.6	FT-SE-A Non Fins p/e	16.70	(16.66)
FT-SE-A 350	1737.3	+7.2	FT-SE 100 Fut Dec	3486.0	+29.0
FT-SE-A All-Share	1718.30	+6.45	10 yr Gilt yield	8.15	(8.14)
FT-SE-A All-Share yield	3.88	(3.90)	Long gilt/equity yld ratio:	2.19	(2.16)

Best performing sectors

1 Tobacco .... +2.0
2 Banks, Retail .... +1.4
3 Oil Exploration .... +1.3
4 Electricity .... +1.1
5 Media .... +0.8

Worst performing sectors

1 Gas Distribution .... -1.5
2 Banks, Merchant .... -0.9
3 Water .... -0.5
4 Retailers, Food .... -0.4
5 Extractive Inds .... -0.4

Bid hopes return to utilities

Never far away, takeover fervour returned to the ntilities sector as North West Water raised its offer for Norweb.

Despite earlier reports that the two 'Texas rangers' – Houstoo Industries and Ceotral South West Corp - were locked in talks over a possihle counter bid, most analysts believe North West's raised offer puts the regional electricity group beyond their reach. And Norwoh later recommended acceptance of the bid.

The logical conclusion was tbat tho US groups would retreat to regroup before coming back with an offer for one of the remaining indepeodent recs. In terms of price moves, London Electricity was the market favourite with a rise of 35 to 898p. It was followed by Yorkshire, up 16 to 894p.

Norweb jumped 61 to 1147p to reflect the raise cash offer and volume of 35m suggested that North West Water had now acquired around 25 per cent of the group. NW Water fell 22 to 573p.

Turnover in Lasmo, tho exploration and prodnction company, surged to 20m shares as dealers latcbed on to news out of the Algerian oilfield in which Lasmo has a significant stake.

Drilling reports suggested that the field might now have reserves of 1.5bn barrels, up 50 per cent on previous estimates. Lasmo shares improved 6½ to 159p.

Dotails of tbe proposed merger between Lloyds Bank and TSB went down a storm and shares in both stocks hit new highs.

The meeting with analysts was positively received and the market latched on to the £350m of savings that the new group expects to achieve in four years time.

However, some analysts cautioned that the possibility of an Office of Fair Trading inquiry was still preseot and that the big two high street rivals National Westminster and Barclays were unlikoly to sit back and allow the now onlarged Lloyds to take market share. If the deal goes through, an ontbreak of fierce competition is widely predicted.

Lloyds rose 49 to 769p with 17m traded, TSB 19 to 369p on turnover of 26m, NatWest 10½ to 612p and Barclays 2 to 727p.

Tobacco to insurance cooglomerate BAT Indnstries lifted 11 to 544p oo talk that it is poised to sell off its Farmers insurance subsidiary in the US or demerge its insurance operations and possibly mako an acquisition. However analysts were cynical saying BAT needed financial services for tax reasons and the rumours tended to drift over from the options market.

Commercial Union improved 8 to 573p on potential good news over a French tax break which encourages business to its Groupe Victoire subsidiary and which has been threatened with the axe.

Insurance broker Bradstock jumped 9 to 61p in response to the recent news of a strategic alliance in Malaysia.

Media gronp WPP gained 3 to 148p oo exceptionally heavy turnover of 15m. A large block of shares, which had heen looking for a buyer, was finally cleared. Confectionery and soft drinks group Cadbury Schweppes, subject of bid speculation earlier this week, advanced 5 to 519p yesterday after trade of 3.1m, boosted by recommendations from two US investmeot banks.

Merrill Lyncb is reported to be positive oo the stock for the long term while Lehman Brothers has upgraded its recommendation from "underperform" to "outperform"

Analysts at Lohman said: "Tho successful acquisitioo of Dr Pepper/Seven-Up (DPSU) in March of this year marked the culmination of Cadbury Schweppes' ambitioo to build critical mass in the US soft drinks market.

A couple of recommendations helped bring an advance to Great Universal Stores. The sbares firmed 8 to 568p ae Cazenove, the company'o broker, recommended the stock and SBC Warhurg upgraded its recommendation from reduce to hold.

Warburg said its move was on "valuation grounds" pointing to the stock's underperformance over the last two months.

US bnying interest helped boost turnover in Sears to 10m. The shares hardened 2½ to 107p. Profit-taking left Kingfisber 4 lighter at 495p, though bargain hunters in Lloyds Chemists helped the shares jump 10 to 240p.

Vodafone, tbe UK mohile pbooes leader, recovered strongly as renewed life flooded back into Europe's telecoms based sectors. Both Ericsson and Nokia, the Nordic bloc's higb tech leaders, rebounded strongly, helping Vodafone to close to with a 7½ advance to 256½p in 10m traded. A positive note from SGST also helped underpin sentiment.

Delta ouffered from switch advico with some brokers urging clients to shift into rival heavy electrical equipment group BICC. The latter jumped 9 to 289p in 2.1m traded while Delta pulled up short at the bottom of the FT-SE Mid 250 rankings with a decline of 15 to 414p. Sentiment in the sector has been bit lately by renewed npturn for copper prices.

Zeneca recovered 13 to 1171p with some dealers suggesting it had been the mystery white knight in the Rhone-Polenc Rorer battle for Fisons. After Fisons capitulated yesterday, there were no longer any worries that Zeneca would enter the arena. Other marketmakers suggested it was merely a rerun of old takeover speculation – Roche of Switzerland has been mentioned as a possible interested party. Fisons eased a half to 262½p.

Pharmaceuticals group Anagen slumped 28 to 72p after losing the marketing rights to one of its products.

Airports gronp BAA, noticeably weak in recent sessions, rebounded 3½ to 469p as NatWest Securities switched from hold to add on the stock ahead of today's traffic figures.

Most analysts have picked out growth of 5 per cent as the most likely outturn for the September traffic numhers. But some houses take a more cautious stance given that traffic gains, which were running 8 per cent up a a year ago, appear to be slowing.

Channel tunnel operator Eurotunnel, dull lately on debt rescheduling uncertainty, surged to the top of the FT-SE Mid 250 performance charts. The shares rose 7 to 95p following news of a change of pricing strategy.

Shares in Greenalls Group, which last week launched a £480m recommended share and cash offer for Boddingtoo Group, shrugged off weakness that followed the announcement of the deal and jumped 14½ to 469½p, following a NatWest Securities recommendation.

Boddington shares also moved ahead, ending the day 10½ ahead at 394½p after trade of 4m.

Turnover in Vaux Gronp was 3.9m after a cross of 1.8m done at 270p. The shares eased 6½ to 274p.

Volume in BTG, which made its market debut last July, rose to 6m following a placing of around 3m or 17.4 per cent of its share capital, with a range of institntions. The shares gained 7 to 337p.

FINANCIAL TIMES EQUITY INDICES

	Oct 11	Oct 10	Oct 8	Oct 6	Oct 5	Yr ago	*High	*Low
Ordinary Share	2562.3	2553.5	2596.2	2612.9	2625.4	2382.0	2666.5	2238.3
Ord. div. yield	4.18	4.20	4.13	4.10	4.08	4.33	4.73	4.02
P/E ratio net	15.40	15.35	15.61	15.73	15.81	18.65	21.39	15.35
P/E ratio nil	15.22	15.17	15.43	15.54	15.62	18.18	22.21	15.17

*For 1995. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40. FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2563.4	2559.1	2549.2	2553.4	2554.7	2558.9	2562.7	2562.7	2561.3	2565.0	2547.5

	Oct 11	Oct 10	Oct 9	Oct 6	Oct 5	Yr ago
SEAQ bargains	30,676	33,214	33,133	28,058	28,244	27,658
Equity turnover (£m)†	-	1971.2	1751.0	1563.8	1944.5	1585.2
Equity bargains†	-	35,451	38,014	34,012	33,251	29,344
Shares traded (mil)†	-	737.8	597.2	648.7	776.8	605.4

†Excluding intra-market business and overseas turnover.

London market data

Rises and falls*		1995 Highs and lows		LIFFE Equity options	
Total Rises	654	Total Highs	59	Total contracts	43,841
Total Falls	551	Total Lows	51	Calls	27,242
Same	1,694			Puts	16,599

Oct. 11 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3473.0	3486.0	+29.0	3495.0	3462.0	13935	64802
Mar	3499.0	3515.0	+25.0	3518.0	3496.0	724	2320
Jun	-	3520.0	+26.0	-	-	0	134

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3935.0	+5.0	-	-	0	3538

FT-SE 100 INDEX OPTION (LIFFE) (*3471) £10 per full index point

	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P	3600 C	3600 P	3650 C	3650 P
Oct	171½	3½	121½	6	77	11	39½	24	15	50	6	91	1	141	1	191
Nov	192½	15	151	23½	112	35½	79½	53½	52½	77½	32½	109½	18	148	9	194
Dec	210½	27	173	39½	137	54	107½	74	80	97½	57	126	38½	160	24	199
Jan	233	37			182	66			104	109			61	169½		
Jun†	293	69			229	122			175	166			123½	215½		

Calls 5,411 Puts 6,405

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P	3525 C	3525 P	3575 C	3575 P	3625 C	3625 P
Oct	191½	1½	143½	3	97	8	58½	15½	28½	35½	9½	66	3	111½	1½	159
Nov	210½	9	166	14½	125	23	89½	36½	59½	58½	36½	83½	20½	117	11	158½
Dec	236	27½	195	36	156	46½	120	60	89½	78½	63	101½	41½	129½	26	163
Mar			247½	63			177½	90			119	128½			72	178½
Jun†			276	90			215½	125			163	167½			118	218

Calls 6,462 Puts 3,460 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt cap (£m)	1995 High	1995 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
50	F.P.	14.5	71	60	Consolidated Coal	67	+2	-	-	-	-
-	F.P.	5.62	125	120	†Euro Sales Fin	125		-	-	-	-
-	F.P.	0.59	28	17½	German Smt Wts	15	-2	-	-	-	-
-	F.P.	5.40	40	25	Hay & Robertson	36	-2	v-	-	-	.
65	F.P.	16.9	29	84	Mayflower	88		Zv0.57	2.6	1.0	50.2
45	F.P.	17.3	61	52	†MultiMedia	60		v-	-	-	-
-	F.P.	13.2	135	100	Murray Vct	105		-	-	-	-
-	F.P.	5.37	96	70	†Omnicare	87	+1	Hv1.5	4.0	2.2	14.5
-	F.P.	14.4	61	60	Pembertone	60		-	-	-	-
100	F.P.	30.5	104	99	Pictet British	102		-	-	-	-
400	F.P.	2.62	405	400	†Preston Nth End	400		v-	-	-	-
125	F.P.	13.2	133	6½	†SCS Satellite	126	+3	-	-	-	-
149	F.P.	49.1	185	168	Universal Salvage	183	-1	Mv5.07	1.7	3.5	21.2
-	F.P.	-	½	½	Upton & Sthn Wts	½		-	-	-	-

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Oct 10	% chg on day	Oct 9	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (34)	1953.81	-0.2	1957.56	2240.03	1.92	-	2304.73	1637.91
Regional Indices								
Africa (16)	2654.78	-1.4	2702.38	3559.39	4.07	24.51	3711.87	2428.18
Australasia (6)	2342.73	-1.7	2382.43	2778.87	2.18	25.86	2951.49	1788.20
North America (12)	1695.75	+0.7	1683.65	1782.55	0.79	48.65	1831.00	1348.18

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FT - SE Actuaries Share Indices — The UK Series

	Oct 11	Day's chge%	Oct 10	Oct 8	Oct 8	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3474.3	+0.4	3460.1	3510.3	3526.5	3100.5	4.06	2.07	14.85	121.17	1376.47
FT-SE Mid 250	3919.8	+0.4	3903.2	3953.1	3979.0	3535.3	3.49	1.85	19.38	115.56	1524.52
FT-SE Mid 250 ex Inv Trusts	3945.5	+0.4	3928.2	3978.5	4003.8	3530.5	3.62	1.91	18.12	120.65	1534.34
FT-SE-A 350	1737.3	+0.4	1730.1	1754.5	1763.4	1554.1	3.93	2.03	15.69	56.45	1406.79
FT-SE-A 350 Higher Yield	1732.3	+0.6	1722.0	1748.0	1751.8	1555.3	5.00	1.83	13.66	73.86	1163.37
FT-SE-A 350 Lower Yield	1746.8	+0.2	1742.9	1765.8	1780.0	1514.3	2.83	2.39	18.48	41.76	1161.65
FT-SE SmallCap	1956.66	-0.1	1960.08	1973.15	1976.61	1791.14	3.30	1.68	22.55	51.61	1574.99
FT-SE SmallCap ex Inv Trusts	1946.17	-0.1	1948.17	1959.94	1962.20	1759.62	3.51	1.78	20.29	54.20	1572.98
FT-SE-A ALL-SHARE	1718.30	+0.4	1711.85	1735.05	1743.38	1539.72	3.88	2.00	16.06	56.83	1414.21

FT-SE Actuaries All-Share

	Oct 11	Day's chge%	Oct 10	Oct 8	Oct 9	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(23)	2878.04	-0.2	2883.22	2920.14	2960.72	2747.05	3.92	2.09	15.29	100.32	1204.29
12 Extractive Industries(7)	4081.05	-0.4	4098.09	4151.50	4207.68	4016.21	3.62	2.51	13.73	104.79	1158.24
15 Oil, Integrated(3)	2860.63	-0.3	2868.11	2902.27	2944.41	2697.87	4.10	2.04	14.85	107.92	1227.51
18 Oil Exploration & Prod(13)	1894.54	+1.3	1870.65	1911.68	1927.09	1812.09	2.66	1.48	31.79	48.88	1124.53
20 GEN INDUSTRIALS(276)	1955.92	+0.1	1953.38	1977.81	1993.33	1894.50	4.21	1.93	16.21	68.53	1042.84
21 Building & Construction(38)	913.36	+0.1	912.65	921.96	927.48	1088.69	4.45	1.87	15.01	35.82	748.99
22 Building Matls & Merchs(31)	1698.40	+0.4	1691.75	1724.88	1744.48	1849.21	4.35	2.02	14.28	65.02	838.75
23 Chemicals(23)	2429.61	+0.2	2425.25	2442.40	2484.80	2342.55	3.96	1.83	17.27	80.44	1124.15
24 Diversified Industrials(20)	1748.94	+0.4	1741.25	1763.32	1763.80	1797.74	5.67	1.58	13.98	87.14	850.28
25 Electronic & Elect Equip(36)	2146.94	-0.2	2150.33	2169.15	2204.96	1933.71	3.49	1.93	18.56	59.12	1092.80
26 Engineering(69)	2153.20	-0.1	2156.22	2179.60	2202.80	1820.60	3.37	1.99	18.60	55.17	1277.45
27 Engineering, Vehicles(13)	2614.22	-0.3	2622.37	2667.56	2673.54	2264.00	3.59	1.39	25.18	71.44	1320.51
28 Paper, Pckg & Printing(27)	2845.61	-0.2	2850.65	2903.07	2928.76	2797.71	3.51	2.49	14.32	85.03	1160.57
29 Textiles & Apparel(21)	1592.32	+0.6	1583.34	1597.60	1600.45	1634.73	4.53	1.78	15.48	50.56	941.20
30 CONSUMER GOODS(92)	3389.64	+0.6	3368.09	3412.40	3422.27	2736.27	3.94	1.78	17.99	116.84	1223.59
31 Breweries(18)	2608.23	....	2608.14	2642.78	2639.06	2204.41	3.82	1.99	16.43	62.40	1219.88
32 Spirits, Wines & Ciders(10)	2877.62	+0.5	2862.27	2911.02	2939.41	2817.50	4.15	1.84	16.33	106.86	1011.80
33 Food Producers(24)	2515.12	+0.8	2495.78	2521.52	2500.00	2286.15	4.03	1.77	17.53	30.26	1106.18
34 Household Goods(11)	2556.24	+0.4	2546.34	2582.43	2597.29	2358.80	3.73	2.05	16.33	59.15	948.24
36 Health Care(17)	2019.80	+0.3	2014.39	2027.80	2037.50	1611.46	2.57	1.82	26.61	37.85	1205.37
37 Pharmaceuticals(11)	4459.50	+0.4	4439.60	4517.77	4550.62	3013.28	3.62	1.57	21.91	153.87	1486.91
38 Tobacco(1)	4608.10	+2.1	4514.98	4506.51	4574.28	3754.12	5.20	1.80	12.67	229.23	1114.85
40 SERVICES(226)	2138.84	+0.3	2132.90	2160.00	2175.07	1909.80	3.12	2.07	19.37	56.10	1090.13
41 Distributors(30)	2705.45	+0.4	2694.25	2754.35	2760.92	2547.42	3.66	1.75	19.51	73.00	974.06
42 Leisure & Hotels(29)	2424.39	....	2424.36	2461.31	2482.29	2061.14	3.80	1.85	20.45	73.11	1241.57
43 Media(43)	3315.36	+0.8	3288.83	3312.51	3336.75	2819.80	2.20	2.40	23.73	77.80	1185.09
44 Retailers, Food(16)	2090.51	-0.4	2099.72	2123.23	2128.51	1711.74	3.44	2.42	14.68	58.30	1299.47
45 Retailers, General(44)	1760.73	+0.4	1753.52	1779.74	1793.96	1640.04	3.33	2.17	17.32	42.44	983.18
48 Support Services(37)	1825.22	-0.1	1827.02	1853.24	1862.45	1493.26	2.50	2.44	20.50	34.82	1142.45
49 Transport(20)	2150.54	+0.4	2141.44	2169.30	2194.70	2261.42	4.01	1.29	24.26	72.68	877.67
51 Other Services & Business(7)	1202.72	-0.3	1206.14	1211.52	1212.36	1250.80	4.23	1.76	17.10	38.80	1076.77
60 UTILITIES(37)	2498.25	+0.1	2495.92	2535.16	2565.05	2435.35	4.56	2.02	13.57	86.37	1016.90
62 Electricity(15)	2751.84	+1.1	2723.00	2753.60	2778.06	2456.09	4.04	2.96	10.48	116.18	1224.44
64 Gas Distribution(2)	1634.02	-1.5	1659.62	1698.59	1718.43	2004.93	7.39	0.65	26.28	68.63	794.73
66 Telecommunications(7)	2078.09	+0.1	2076.92	2115.26	2153.22	2086.81	3.95	1.71	16.84	51.48	924.29
68 Water(13)	2119.81	-0.5	2129.88	2151.12	2146.01	1875.78	5.41	2.75	8.41	85.07	1126.66
69 NON-FINANCIALS(656)	1830.76	+0.2	1826.21	1850.40	1864.62	1663.68	3.89	1.93	16.70	59.76	1353.25
70 FINANCIALS(113)	2639.46	+1.0	2613.24	2653.49	2626.71	2178.36	4.22	2.45	12.10	101.00	1101.05
71 Banks, Retail(9)	3679.75	+1.4	3627.56	3690.01	3609.66	2637.59	3.95	2.82	11.22	139.18	1160.09
72 Banks, Merchant(6)	3485.91	-0.9	3516.50	3611.16	3613.14	2770.83	2.66	2.74	17.14	91.78	1088.75
73 Insurance(25)	1299.69	+0.8	1289.54	1312.93	1332.20	1280.08	5.67	2.69	8.21	64.30	946.31
74 Life Assurance(6)	3023.92	+0.8	3001.18	3023.94	3045.89	2418.25	4.61	1.53	17.66	136.72	1231.91
77 Other Financial(22)	2348.88	+0.5	2336.31	2356.69	2359.75	1818.17	3.75	1.93	17.26	62.49	1308.47
79 Property(45)	1409.71	-0.2	1411.93	1426.97	1438.41	1459.16	4.39	1.84	21.32	46.00	844.60
80 INVESTMENT TRUSTS(134)	2901.37	+0.3	2894.09	2928.04	2949.12	2764.26	2.28	1.06	51.99	52.70	999.27
89 FT-SE-A ALL-SHARE(903)	1718.30	+0.4	1711.85	1735.05	1743.38	1539.72	3.89	2.00	16.06	56.83	1414.21
FT-SE-A Fledgling	1068.01	....	1068.09	1076.63	1077.91	-	2.86	1.21	36.26	24.97	1094.90
FT-SE-A Fledgling ex Inv Trusts	1065.81	....	1065.84	1074.24	1074.93	-	3.00	1.26	33.16	25.66	1093.81

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3475.7	3471.8	3459.1	3468.0	3468.3	3468.0	3472.0	3476.6	3471.3	3480.9	3457.3
FT-SE Mid 250	3909.0	3908.4	3912.0	3914.9	3916.6	3917.0	3917.7	3920.2	3919.7	3920.3	3906.0
FT-SE-A 350	1736.7	1735.2	1730.6	1734.3	1734.6	1734.5	1736.2	1739.3	1738.1	1739.8	1730.0

Time of FT-SE 100 Day's high: 2.43pm Day's low: 10.18am . FT-SE 100 1995 High: 3570.8 (13/9) Low: 2954.2 (23/1).

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	907.5	906.4	906.0	908.0	908.9	910.2	910.2	910.2	909.5	909.5	905.9	+3.6
Pharmaceuticls	4414.4	4404.2	4400.0	4408.7	4409.1	4408.8	4415.6	4420.7	4403.3	4407.4	4387.8	+19.6
Water	2131.1	2129.5	2121.6	2122.5	2123.0	2121.9	2119.3	2118.1	2115.3	2115.8	2126.1	-10.2
Banks, Retail	3696.2	3707.8	3683.9	3705.1	3709.9	3720.1	3719.4	3724.4	3723.9	3726.7	3673.9	+52.8

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL. The FT "500" has been renamed FT-SE-A Non-Financials Index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative.

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	809	408	+2
ASDA Group†	3,800	102½	-1
Abbey National†	5,000	548	+1
Albert Fisher	466	52½	
Allied Domecq†	2,800	512	+6
Anglian Water	1,800	590	+1
Argos	51	465	+3
Argyll Group†	1,600	335	
Arjo Wiggins†	882	241	-2
Assoc. Brit. Foods†	700	694	+4
Assoc. Brit. Ports	539	316	+3
BAA†	3,800	469	+3½
BAT Inds.†	11,000	544	+11
BET	1,100	124	+1
BICC	2,100	289	+9
BOC†	813	839	+8
BP†	6,100	458½	-½
BPB Inds.	517	291	
BSkyB†	3,800	387½	+4
BT†	6,900	362½	-3
BTR†	8,700	319	+2
Bank of Scotland†	2,200	245	+1½
Barclays†	8,600	727	+2
Bass†	1,200	651	-2
Blue Circle†	3,400	296	
Booker	23	378	
Boots†	2,300	569	+8
Brit. Aerospace†	865	729	+1
British Airways†	3,400	458	
British Gas†	8,500	245½	-4
British Land	285	393	+1
British Steel†	6,400	169½	+1½
Bunzl	5,300	191	-5
Burmah Castrol†	1,800	971	-4
Burton	818	107½	
Cable & Wire†	3,800	408	-4
Cadbury Schweppes†	3,100	519	+5
Caradon	1,100	210	
Carlton Comms.†	1,400	981	+7
Coats Viyella	1,200	200	+4
Comm. Union†	4,200	573	+8
Compass	1,900	437	
Cookson†	6,400	275	-2
Courtaulds†	3,500	402	+3
Dalgety	340	430	-1
De La Rue†	108	913	+3
Dixons	968	371	+6
East Midland Elect.	1,000	877	+16
Electrocomps.	3,000	315	+7
Eng China Clays	372	354	+6
Enterprise Oil†	2,300	332½	
Eurotunnel Units	856	95	+7
FKI	1,400	160½	-3½
Fisons†	3,900	262½	-½
Foreign & Col. I.T.	351	149½	+½
Forte†	1,300	238	+2
Gen. Accident†	636	613	+8
General Elect.†	2,900	328½	-1
Glaxo Wellcome†	5,500	765½	+7½
Glynwed	225	344½	-10½
Granada†	2,500	658	+6
Grand Met.†	4,800	427	+4
GUS†	3,800	586	+8
GRE†	3,100	213	+4
GKN†	951	781	
Guinness†	3,300	503	
HSBC (75p shs)†	1,500	895	+5
Hammerson	31	354	
Hanson†	7,900	199	+2¼
Harrisons Crosfield	1,600	154	
Hays	934	348	-1
Hillsdown	808	173	+1
IMI	337	324	-2
ICI†	2,300	787	-4
Inchcape†	2,600	320	+2
Johnson Matthey	984	583	+4
Kingfisher†	1,700	495	-4
Kwik Save	170	680	
Ladbroke†	2,000	162	-1
Land Securities†	876	599	-1
Laporte	165	821	
Legal & General†	1,900	810	+2
Lloyds Abbey	4,800	479	
Lloyds Bank†	17,000	769	+49
LASMO†	20,000	159	+6½
London Elect.	1,500	898	+35
Lonrho	2,200	169	+1½
Lucas	3,900	205	-1
MEPC	885	383	-3
MFI	1,300	140	+2
Manweb	72	997	
Marks & Spencer†	3,300	420	-2
Mercury Asset Man	807	924	-2
Midlands Elect.†	178	963	
Morrison (Wm.)	362	162	-1
NFC	14,000	147	+3
NatWest Bank†	3,100	612	+10½
National Power†	1,500	479	+5
Next	530	400	
North West Water†	5,300	573	-22
Northern Elect.	130	820	+5
Northern Foods	504	178	+1
Norweb	35,000	1147	+61
Pearson†	1,700	608	+6
P & O†	3,100	492	-2
Pilkington	3,000	197	+4
PowerGen†	1,500	536	+5
Prudential†	2,700	369½	+4
REXAM†	2,100	373	+3
RMC†	350	1094	-3
RTZ†	1,900	893	-5
Racal	158	248	+2
Rank Org.†	3,600	402	-3
Reckitt & Colman†	805	654	+3
Redland†	928	362	-3
Reed Intl.†	963	937	-1
Rentokil†	979	319	-2
Reuters†	3,300	550	+12
Rolls Royce†	8,600	169	+1½
Ryl Bk Scotland†	15,000	483	-10
Royal Insurance†	2,500	359	
Sainsbury†	2,900	428½	-1½
Schroders†	136	1276	-12
Scottish & New.†	981	669	-2½
Scot. Hydro-Elect.	286	333	
Scottish Power†	1,900	348½	-1½
Sears†	10,000	107	+2½
Sedgwick	308	100	+2
Seeboard	392	489	+1
Severn Trent†	2,300	660	+2
Shell Transport†	4,900	745½	-3½
Siebe†	581	704	-11
Slough Ests	685	201	-1
Smith (W.H.)	1,400	359	
Smith & Nephew†	536	194½	+1½
SmKl Beecham†	7,500	695	-5½
SmKl Beecham Uts.†	3,400	621	-4
Smiths Inds.	334	564	-8
Southern Elect.†	347	953	
South Wales Elect.	795	911	-4
South West Water	214	522	+1
Southern Water	1,200	713	-1
Standard Chartd.†	4,400	481	-5
Storehouse	3,000	305	+1
Sun Alliance†	869	343½	-½
T&N	3,300	175	
TI Group†	687	427	+8
TSB†	26,000	369	+19
Tarmac	1,500	89	+1
Tate & Lyle†	699	441	+3
Taylor Woodrow	148	107	
TeleWest	2,300	171½	+5½
Tesco†	3,200	306	-2½
Thames Water†	314	540	-4
Thorn EMI†	1,700	1420½	-7½
Tomkins†	1,100	242	-½
Trafalgar House	2,900	29	
Unigate	863	426	+1
Unilever†	1,100	1280	+12
United Biscuits	1,900	274	+6
Utd. News & Media	287	526	-3
Vodafone†	10,000	256½	+7½
Welsh Water	363	792	+10
Wessex Water	123	347	+3
Whitbread†	860	616	
Williams Hldgs.†	1,300	322½	-1½
Willis Corroon	816	126	
Wimpey	381	108	
Wolseley†	443	370	+8
Yorkshire Elect.	1,200	894	+16
Yorkshire Water	2,200	669	+1
Zeneca†	1,400	1171	+13

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † indicates an FT-SE 100 Index constituent. All trades are rounded.

هكذا من الأصل

WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA

INDICES

US INDICES

Dow Jones	Oct 10	Oct 9	Oct 6	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	4720.80	4726.22	4769.21	4801.80 (14/9)	3832.08 (30/1)	4801.80 (14/9/95)	41.22 (2/7/32)
Home Bonds	103.48	103.41	103.55	105.75 (13/7)	93.63 (3/1)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1892.31	1896.27	1933.83	2000.39 (15/9)	1473.19 (3/1)	2000.39 (15/9/95)	12.32 (8/7/32)
Utilities	217.44	215.59	215.07	217.44 (10/10)	183.03 (3/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's High 4745.74 (4781.15) Low 4658 43 (4691.54) (Theoretical)
Day's high 4728.55 (4769.21) Low 4680.47 (4711.77) (Actual)

Standard and Poors	Oct 10	Oct 9	Oct 6	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite $	577.52	578.37	582.49	586.77 (20/9)	459.11 (3/1)	586.77 (20/9/95)	4.40 (1/6/32)
Industrials	674.58	678.27	682.46	691.27 (20/9)	548.28 (3/1)	691.27 (20/9/95)	3.62 (21/6/32)
Financial	59.77	59.93	60.15	60.10 (6/10)	41.54 (3/1)	60.15 (6/10/95)	8.64 (1/10/74)
NYSE Comp.	309.41	310.35	312.38	314.33 (20/9)	250.73 (3/1)	314.33 (20/9/95)	4.46 (25/4/42)
Amer Mkt Val	525.22	527.48	533.54	553.58 (12/9)	433.12 (6/1)	553.58 (12/9/95)	29.31 (9/12/72)
NASDAQ Cmp	983.47	984.74	1012.04	1067.40 (13/9)	743.58 (3/1)	1067.40 (13/9/95)	54.87 (31/10/72)

RATIOS

	Oct 6	Sep 29	Sep 22	Year ago
Dow Jones Ind. Div. Yield	2.43	2.42	2.42	2.79
	Oct 4	Sep 27	Sep 20	Year ago
S & P Ind. Div. yield	2.08	2.07	2.05	2.43
S & P Ind. P/E ratio	17.87	17.84	18.14	20.33

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Close price	Change on day
Motorola	18,888,700	64	-5
EMC	13,349,500	17¾	-3
Micron Tech	10,987,300	67⅛	+2⅛
IBM	6,465,100	90⅝	-1¼
Freeport-McM	6,342,300	5⅛	-½
Telefonos	6,139,200	29¼	-¼
Compaq	6,023,300	45⅛	-⅛
Scientific At	4,912,000	13⅛	+⅛
Gen Inst	4,900,200	25⅝	-⅞
Merck	4,423,000	59⅝	+1

TRADING ACTIVITY

Volume (million)	Oct 10	Oct 9	Oct 6
New York SE	415.328	278.386	313.835
Amex	18.479	13.267	16.815
NASDAQ	557.685	417.887	471.254
NYSE			
Issues Traded	3,037	2,995	3,008
Rises	846	616	1,185
Falls	1,449	1,631	985
Unchanged	748	748	838
New Highs	67	89	95
New Lows	72	80	46

INDEX FUTURES

TOKYO - MOST ACTIVE STOCKS: Wednesday, October 11, 1995

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Tokuyama	11.9m	756	+11	Hyogo Bank	4.6m	5	
Tosoh	8.2m	469	-19	Oki Electric	4.3m	917	-40
Mitsubishi Matl	7.5m	489	+13	Fujitsu	3.8m	1220	-40
Daiwa Bank	5.6m	634	-48	Sumitomo Chem	3.5m	479	-3
Mitsubishi Hvy	4.8m	776	-20	Toshiba	3.2m	714	-26

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

4 pm close October 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
10	12⅛	AAR	0.48	2.7	23	36	17½	17⅜	17½	+⅛
46¼	35	AMP	0.92	2.4	29	5096	28⅛	37½	38⅜	+1
80¼	33⅜	AMR			16	4332	70½	69⅝	70¼	+¾
47⅞	41⅛	ASA	1.71	4.1	27	182	41⅜	41¾	41¾	-¼
44¾	30¼	Abbott. s	0.84	2.1	19	50134	40¼	39½	39¼	-1
18⅞	12	Abitibi Pr	0.40	2.4	28	1357	17¼	10⅞	17	-⅜
27⅞	21	ABM Ind	0.50	2.2	15	52	27⅜	27⅛	27⅛	-¼
17½	15½	Acpincein			10	74	15½	15⅛	15⅛	-⅛
34¾	21⅞	ACE Ltd x	0.56	1.6	8	824	34⅛	33¾	54	
9⅞	6⅛	ACM Gvt In x	0.90	9.2	6	242	u9⅞	9⅝	9¾	
7¾	6½	ACM GvOpp x	0.66	8.9		121	7⅜	7¼	7⅜	+⅛
7½	5¾	ACM Gvt Sp x	0.75	10.9		136	7	6⅞	6⅞	-⅛
0¾	7¼	ACM Gvt Se x	0.90	10.4		155	u8¾	8⅝	0⅜	-⅛
9½	7⅝	ACM Man x	0.90	10.4		167	8¾	8⅝	6⅜	
29¼	10¼	AcmeCle	0.48	2.0	11	243	24⅝	23¾	23¼	-¼
38¼	8¼	Acme Elect			42	420	9⅜	8½	8½	+⅛
64⅛	23¾	Acordia	0.72	2.8	12	6	25⅛	25	25⅛	+⅛
19¼	6⅝	Actava	0.36	2.1	12	593	17	16¾	17	
16¾	10⅛	Acuson			33	120	12⅞	12⅝	12⅞	+⅛
16¾	15⅝	Adams Expr	0.48	2.6	6	173	18⅝	18½	18⅝	
38⅞	24⅝	AdvMic			7	17400	27⅝	26⅛	26⅞	+1⅛
9⅜	5	Advest Grp	0.16	1.0	15	36	6⅞	8¾	8¾	-⅛
24¼	10½	Advo Inc	0.10	0.4	29	850	u24⅞	34¼	24⅞	+⅝
37½	24.00	Aegon	1.28	3.5	20	32	37⅜	36⅞	37⅛	-⅛
5⅞	3⅛	Aerflx			0	165	4¼	4⅝	4¾	
75½	46¼	AetnaL	2.76	3.6	51	5226	71⅛	70⅞	21	+⅛
44¾	31⅞	Aflac	0.52	1.3	12	569	41⅝	40⅝	40⅞	+⅛
28¼	16	Ahmnsn	0.88	3.4	15	2473	26	25¾	25¾	+⅛
59½	43⅞	AirPrC x	1.64	2.0	18	1760	51⅛	50½	50¾	-⅛
25⅝	18⅜	Airbne Frt	0.30	1.3	21	577	23⅝	23⅜	23½	+⅛
28	19⅝	Airgas Inc			23	444	25¼	34⅝	25⅛	+⅛
10	13⅜	Airlease x	2.00	12.1	12	17	16½	16¼	16½	
[illegible]										

Continued on next page

4 pm close October 11

NYSE COMPOSITE PRICES

Continued from previous page

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- W -

- X - Y - Z -

- T -

- U -

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

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NASDAQ NATIONAL MARKET

4 pm close October 11

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AMEX COMPOSITE PRICES

4 pm close October 11

AMERICA

Nasdaq misses 1,000 as tech stocks rebound

Wall Street

Technology shares continued to rally on Wall Street after Tuesday morning's sharp correction, *writes Maggie Urry in New York*.

However, after an initial spurt of activity, stocks came off their best levels and the technology-rich Nasdaq index failed in an attempt to regain the 1,000 level.

By 1 pm the Nasdaq was up 12.67 at 996.14. The Pacific atock exchange index, also weighted heavily in favour of technology stocks, rose 3.28 to 190.48.

But the broader market indices did not fully ehare in the technology sector's bounce. The Dow Jones Industrial Average was up 9.03 at 4,729.83 and the Standard & Poor's 500 gained 0.98 to 578.51. The American Stock Exchange composite was 0.70 higher at 525.92. Volume on the NYSE came to 205m shares.

Analysts said that the technology sector had looked oversold on Tuesday when the Nasdaq slumped nearly 28 points in early trading as investors' worries increased that third quarter earnings could turn out less strong than expected.

Motorola, one of the stocks hit hardest on Tuesday morning after it delivered a warning on Monday night of slower growth and falling prices for mobile telephones, rose $1 to $65. Other rises in the sector were IBM, np $2 at $92⅞, Microsoft, $2¼ higher at $86, and Advanced Micro Devices, which gained $1 at $26¾, in spite of releasing third quarter earnings late on Tuesday which were below brokers' estimates.

Away from the technology sector there was a sharp rise in transport stocks. The Dow Jones Transportetion Index jumped 1.7 per cent, or 32.69 to 1,925.00. Both airline and railway stocks were gainers.

Among airlines, which have been excited by bid talks for USAir, which has valuable east coast routes, UAL rose $4¾ to $174. UAL is the parent of United Airlines, one of two groups interested in buying USAir. Shares in AMR, parent of American Airlines, which is another possible bidder rose $⅞ to $70⅞. USAir shares gained $½ to $12⅞.

In railway stocks, Union Pacific rose $1¼ to $64⅞ after announcing the pricing of the IPO of its Union Pacific Resources subsidiary. Union Pacific is offering 37m shares in the subsidiary at $21 each. It will retain the remaining 84.5 per cent of the subsidiary, which will be distributed to shareholders at a later date.

Canada

Toronto's main equity indices were subdued at midday, the TSE 300 composite rising 2.47 to 4,474.47. However, bargain hunters snapped up cheap technology stocks after Tuesday's decline and, by midsession, Cognos was C$3¼ higher at C$42¼, and Softkey Software up C$2⅛ at C$53⅝.

Takeover stocks saw less excitement than they did on Tuesday. DMR A shares stayed flat at C$11¼ after rising sharply on Tuesday, when IBM ontbid Amdahl, and BDM International of the US. Canada Malting, a takeover target for ConAgra of the US, eased C$½ to C$20½ after Tuesday's new 52-week high.

SOUTH AFRICA

Jnbannesburg ended most firmer as bnyers returned after Tuesday's late slide. The overall index rose 29.7 to 5,753.0 and industrials picked up 35.9 to 7,257.1. Golds eased 13.4 to 1,459.8 on continuing concern over forthcoming gold mine quarterly results.

EUROPE

Roche takes Zurich to new 1995 high

Broker support for US equity markets and their high tech component combined with a higher dollar to lift continental equities after bad days on Tuesday, and last Friday, *writes Our Markets Staff*. Corporate news, however, was mixed.

ZURICH pushed ahead as Roche's nine month figures, and its positive forecast for the full year again lifted investors' spirits. The SMI index rose 23.0 to a 20 month high of 3,073.0.

Roche certificates safely cleared the SFr8,250 resistance level that had proved an unbeatable hurdle for the last six weeks, to close SFr155 better at an all time high of SFr8,305.

The pharmaceutical group's announcement of a 2 per cent rise in nine month sales, and its forecast of higher full year profits were in line with expectations. However, confirmation of the analysts' forecasts, and a stronger dollar, provided fresh incentives to buy as analysts suggested that the way was now open for the stock to appreciate to around SFr8,600.

The bullish tone spilled over to Ciba, e recent favourite among investors, ahead of its nine month figures today. The shares rose SFr21 to an all time peak of SFr952.

Among financials, UBS registered shares picked up SFr12 to SFr1,217 on the improved outlook for its second half earnings. Swiss Re gave up another SFr27 to SFr1,205 on profit-taking after its recent long upward march.

PARIS, relieved that Mr Alain Juppé, the prime minister was to escape prosecution over irregularities connected with the leasing of apartments in the capital and encouraged by an overall upswing in sentiment, closed with e gain in the CAC-40 of 16.47 to 1,794.43. Turnover was FFr3bn.

Suez, the industrial and financial conglomerate, lost FFr8.90 or 4.6 per cent to FFr183.00 after reporting that it had made a FFr4bn loss in the first half nwing to its heavy exposure to the depressed property market, was taking a one-off charge of FFr4.1bn, and expected to return to profitability by next year.

The news surprised some brokers who had been anticipating that the group would return to profit by the end of this year. By last night the shares had lost 33 per cent since attaining a year'e high on May 17.

Eurotunnel made a steady gain, up 30 centimes or 4.3 per cent at FFr7.30, on reports that the Channel tunnel operator was to revise its pricing strategy.

SGS-Thomson put on FFr26.90 or 13 per cent to FFr231.90, after reporting a substantial rise in in third quarter earnings.

AMSTERDAM brokers were active in Fokker, the financially troubled aircraft manufacturer majority owned by Dasa of Germany, as rumour and counter-rumour swirled around the market. The shares tumbled 19 per cent or Fl 1.40 to Fl 6 in average volume, having rebounded from a session low of Fl 5.

Brokers said that the main contributory factor behind the day's loss in value was a report, denied by the company, that it was about to file for the equivalent of Chapter 11.

The AEX index rose 3.36 to 457.98. There was better news for Philips which regained part of Tuesday's fall in line with a Europe-wide trend, and finished up Fl 2.10 at Fl 70.20. Polygram, however, lost Fl 1.60 to Fl 102.30 after announcing that it was to pay $57m for Venezuelan record company. Nedlloyd also found buyers following a sharp decline earlier in the week, and the stock moved up Fl 2 to Fl 42.

FRANKFURT watched the dollar, and lifted chemicals across the board as the Dax index rose 16.55 tn 2,153.56. However, its main news was on the downside, Daimler shedding DM3.70 at DM689.90 in response to the Fokker stories, and SAP, the compnter software group, losing another 50 pfg to DM213 in spite of the tech stocks recovery elsewhere.

Turnover fell from DM6.9bn to DM6bn. Analysts said that SAP preferred were seriously overbought in the run-up to their mid-September inclusion in the Dax 30.

On the upside, MAN continued Tuesday's upgrade on 1995-96 prospects, rising DM7 to DM417. In retailing, Kaufhof and Asko recovered DM9.40 to DM472.50, and DM30 to DM840 respectively. They had dropped on the merger with the cash and carry unit of their Swiss-owned parent, Metro; they recovered after news that Kaufhof and Asko top management would lead the new group.

MILAN was marginally firmer in a largely technical bounce after the recent string of weak performances and as Gemina bounced back after Tuesday'e 10.7 per cent plunge.

The Comit index eased 0.32 to 594.43 while the real-time Mibtel index recouped 28 to 9,527, supported by the view that the market had become oversold and on short covering ahead of the end of the monthly account.

Gemina recouped L37.8 or 6 per cent to L702.8 although many investors were said to be still wary of the stock after Monday's suspension following police raids on the group's offices and losses at its publishing arm. Benetton jumped L277 to L17,307 after the company forecast a 5 per cent rise in net profits this year.

STOCKHOLM and **HELSINKI** reflected recoveries in Ericsson and Nokia, in particular, up SKr6.50 to SKr146.50, and FM19 to FM271 as the Affärsvärlden General index rose 21.2, or 1.2 per cent to 1,774.3, and the Hex by 99.98, or 5.1 per cent to 2,057.49.

Written and edited by William Cochrane, Michael Morgan and John Pitt

FT-SE Actuaries Share Indices

Oct 11 Hourly changes	Open	11.30	12.00	12.30	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1384.57	1386.87	1387.15	1388.02	1389.07	1392.55	1396.03	1396.12
FT-SE Eurotrack 200	1501.85	1502.84	1504.35	1503.31	1503.56	1505.33	1507.52	1508.53

THE EUROPEAN SERIES

	Oct 10	Oct 9	Oct 6	Oct 5	Oct 4
FT-SE Eurotrack 100	1377.54	1398.45	1401.61	1422.43	1432.98
FT-SE Eurotrack 200	1483.62	1517.79	1524.49	1541.57	1528.03

Base 1000 (26/10/90). High/day: 100 - 1397.02; 200 - 1508.88 Low/day: 100 - 1384.57 200 - 1501.51 † Partial

Sao Paulo improves by 1.2%

São Paulo was np 1.2 per cent in moderate morning trade ahead of today's national holiday. The Bovespa index of the 54 most traded shares was up 539 at 44,634 by 1 pm. Turnover was thin at R$121.2m ($123m).

Some analysts attributed the morning rise to a technical correction after the market's cumulative losses in the last few sessions.

BUENOS AIRES swung to gains at the opening, taking its cue from a rebound in the US market.

The Merval index, which had shed nearly 2.0 per cent since Monday, was 3.39 points higher by noon at 437.00.

Indnpa was one of the biggest risers, putting on 2.9 per cent, while Alpargatas and Acindar had both risen by 1.8 per cent.

MEXICO CITY was firmer at midsession as the IPC index made a gain of 26.60 or 1.1 per cent to 2,364.38. **CARACAS** continued its winning ways as the Merinvest index recorded yet another year's high, closing up 3 per cent at 108.2.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Market	No. of stocks	Dollar terms: October 6 1995	% Change over week	% Change on Dec '94	Local currency terms: October 6 1995	% Change over week	% Change on Dec '94
Latin America	(252)	489.66	-1.4	-15.8			
Argentina	(30)	699.48	+2.6	-4.7	429,003.34	+2.6	-4.8
Brazil	(72)	334.03	-2.5	-13.1	1,167.88	-1.6	-1.7
Chile	(36)	745.32	-0.6	-5.0	1,197.94	-0.3	-5.0
Colombia[1]	(16)	605.20	-5.0	-25.4	1,049.38	-3.8	-12.2
Mexico	(67)	470.02	-1.8	-22.7	1,324.36	+0.8	+2.6
Peru[2]	(19)	195.52	-0.5	+9.8	269.41	-0.2	+13.3
Venezuela[3]	(12)	458.40	+13.5	-7.4	1,789.19	+13.5	-7.4
Asia	(657)	239.92	-0.1	-3.6			
China[4]	(20)	67.58	+1.0	-10.9	71.01	+1.0	-12.3
South Korea[5]	(159)	143.83	+1.5	+5.2	145.30	+1.8	+2.5
Philippines	(25)	265.68	+2.2	-10.9	332.28	+1.6	-5.4
Taiwan, China[6]	(93)	115.45	+4.1	-29.6	116.56	+3.5	-28.1
India[7]	(101)	96.62	+3.8	-21.8	116.36	+3.6	-15.4
Indonesia[8]	(42)	108.49	+1.2	+8.8	133.62	+1.3	+12.2
Malaysia	(114)	269.64	-2.8	+0.3	252.41	-1.8	-0.4
Pakistan[9]	(36)	290.56	-0.8	-20.6	416.81	-0.5	-18.5
Sri Lanka[10]	(19)	107.66	+1.2	-37.4	121.78	+1.0	-34.3
Thailand	(68)	391.72	+3.0	+2.1	390.60	+3.2	+2.2
Euro/Mid East	(210)	137.00	+1.4	+15.8			
Greece	(40)	244.97	-4.6	+8.6	389.30	-3.6	+5.9
Hungary[11]	(5)	125.17	-1.5	-17.5	166.02	-0.4	-4.1
Jordan	(8)	186.63	+0.6	+24.4	280.23	+0.6	+26.0
Poland[12]	(16)	465.19	-4.2	-0.8	715.86	-3.8	-0.6
Portugal	(28)	120.45	+1.9	-0.5	124.30	+2.3	-6.2
South Africa[13]	(64)	238.75	+1.2	+6.2	180.50	+1.5	-4.6
Turkey[14]	(44)	137.62	+6.6	+13.0	3,237.68	+6.5	+46.3
Zimbabwe[15]	(5)	260.38	-1.4	+6.4	339.53	-1.1	+12.6
Composite	(1119)	279.39	-0.1	-9.1			

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec 31 1992; (11)Dec 31 1992; (12)Dec 31 1992; (13)Dec 31 1992; (14)Aug 4 1989; (15)June 2 1993.

The return of fnrward trading regulatinns in India could lead to a rise in market activity althnugh, so far, this has failed tn produce a sustained rally since the ban was lifted late last week, *writes John Pitt*.

Foreign & Colonial, the UK-based fund manager, notes that when the ban on forward trading was introduced in December 1993 in an effort to dampen excessive speculative activity, liquidity dropped significantly, particularly among medium sized companies. "Follnwing months nf negotiations between brokers and the SEBI, the stock market watchdng, a revised formof forward trading has now been agreed," says F & C. "This shnuld lead to a sharp rise in the market and create the necessary favourable conditions for the current round of public sector disinvestments."

James Capel's emerging markets team also believes that the nutlook for Indian equities is starting to brighten. "Strong earnings growth and cheap valuation are the main plus points, with nur sample of GDR stocks now trading nn a prospective p/e of around 11 times," they say. One uncertainty on the horizon, however, is next February's general election, especially if the result is a hung parliament.

● The IFC is nnw providing daily calculations of its emerging markets database. The organisation, which is part nf the World Bank group, has alsn added the Czech Republic to the countries covered, bringing the total number included in the database to 27. China is another addition to the regional and composite indices, the IFC annnunced.

ASIA PACIFIC

US turmoil spills into 1.6% fall for Nikkei

Tokyo

Two days of turmoil in US technology stocks hit investor confidence in Tokyo and the Nikkei average came back from Tuesday's holiday to a loss of 1.6 per cent, closing below the 18,000 level for the first time since October 2, *writes Emiko Terazono in Tokyo*.

The 225 index fell 285.08, ending at the day's low of 17,891.19; it opened at a high of 18,155.54, but soon lost ground on selling of high-technology stocks and banking shares. A fall in Nikkei 225 futures in Chicago on Tuesday also dragged down the futures index, prompting arhitrage unwinding.

Trading remained thin, volume totalling 277m shares against 255m. The Topix index of all first section stocks fell 26.00 to 1,427.04 and the Nikkei 300 hy 5.21 to 267.24. Losers led gainers by 840 to 206.

In London, the ISE/Nikkei 50 index rose 4.64 to 1,211.95.

Wall Street's worries depressed the high-technology sector, regarded hy investors as relatively expensive due to active huying of issues at the start of the year. Overseas investors sold precision stocks, pushing the sector down 3.2 per cent. Shimadzu lost Y34 to Y571 and Nikon dropped Y80 to Y1,290.

Concern about Daiwa Bank was another depressant, with sentiment hit by reports that relations between US and Japanese regulators could deteriorate over the fact that the Ministry of Finance had failed to disclose Daiwa's problems earlier. Daiwa lost Y48 to Y634, down 24.8 per cent since the disclosure of its losses on September 26.

Heavy selling in Daiwa hit other banks, the sector losing 2.6 per cent with Industrial Bank of Japan down Y120 at Y2,810, and Dai-Ichi Kangyo Bank Y50 at Y1,760.

Chemical makers shot up on reports of a shortage of silicon for semiconductors earlier this week. Tokuyama, a chemicals manufacturer, was the most active issue of the day, rising Y11 to Y756.

In Osaka, the OSE average fell 262.82 to 19,453.58 in volume of 27.8m shares.

Roundup

A late tumble in index futures and some European selling tugged HONG KONG lower. The Hang Seng index fell 95.86 to 9,635.06 in turnover that improved to HK$4.1bn from Tuesday's HK$2.8bn.

Major stocks were hroadly lower. HSBC, the largest index stock, fell HK$2 to HK$107.50, Cheung Kong slid 30 cents to HK$42.70 and Sun Hung Kai Properties tumbled HK$1.25 to HK$60.50.

TAIPEI suffered from high tech jitters, the electronics sector losing 3.5 per cent as the weighted index fell 95.42, or 1.8 per cent, to 5,165.36.

Turnover was active at T$45.43bn. In electronics, United Microelectronics fell T$3 to T$71 and Taiwan Semiconductor T$5 to T$93 on prospects of a slowdown in the industry's growth.

KUALA LUMPUR dropped 1.2 per cent on a fifth consecutive day of declines, with the fall accelerating after the lunch break as European funds joined in the selling. The composite index finished 11.95 down at 958.80.

Repco was the only significant gainer, climbing M$3.85 to M$26.75 on speculative buying.

SINGAPORE's Straits Times Industrial index was lifted hy a handful of last-minute deals bnt most other indices remained at Tuesday's lower levels.

The STII finished 14.13 higher at 2,128.96, but the DBS-50 index, which includes financial and property stocks, was 0.03 lower at 519.83.

SEOUL was higher in active trading as analysts forecast that strong fundamentals paved the way for further gradual gains. The composite index closed up 6.84 at 1,011.00 as asset-rich stocks found demand, with many posting their limit highs.

SYDNEY and WELLINGTON hoth improved as buyers returned, the All Ordinaries index closing 6.4 higher at 2,068.60, and the NZSE-40 by 9.72 to 2,091.33.

MANILA was pressured after a sharp fall by PLDT in New York overnight and the composite index finished 11.18 lower at 2,588.82. The market opened weak but cut a 21 point loss in late trade on news that the government was deferring an oil price rise until next year.

SHANGHAI's A share index edged higher on a further advance hy Dongfang Electrical Machinery, which made a very strong debut on Tuesday. The A index rose on 2.424 to 738.002 as class A shares in Dongfang rose by another 3.2 per cent to Yn17.45, against a Yn4.10 issue price.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by The Financial Times and Goldman Sachs in conjunction with the Institute of Actuaries and the Faculty of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	TUESDAY OCTOBER 10 1995: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	MONDAY OCTOBER 9 1995: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (82)	180.46	-2.1	169.60	114.70	133.00	158.44	-1.3	4.10	184.31	172.42	116.85	135.29	160.80	191.01	157.95	167.35
Austria (27)	180.37	-1.1	169.51	114.64	132.93	132.86	-0.7	1.26	182.43	170.87	115.88	133.91	133.84	199.28	167.48	181.87
Belgium (35)	191.78	-1.2	180.24	121.89	141.34	138.02	-0.8	3.79	194.14	181.62	123.09	142.51	139.17	201.12	162.59	162.59
Brazil (28)	145.90	-0.8	137.11	92.73	107.52	257.35	-0.8	1.64	147.13	137.64	93.28	107.99	259.49	–	–	–
Canada (100)	143.30	-0.8	134.68	91.08	105.61	138.87	-0.6	2.68	144.45	135.13	91.58	106.03	139.70	150.83	121.81	136.87
Denmark (33)	279.20	-1.1	262.39	177.46	205.77	209.21	-0.9	1.55	282.45	264.24	179.08	207.33	211.06	295.89	238.81	245.85
Finland (25)	232.22	-6.3	218.24	147.59	171.14	209.88	-5.5	1.53	247.78	231.80	157.10	181.88	222.37	278.11	171.13	176.86
France (100)	170.23	-0.5	159.99	108.20	125.46	132.70	-0.3	3.31	171.16	160.12	108.52	125.64	133.10	191.17	157.79	165.99
Germany (58)	157.39	-1.4	147.92	100.04	116.00	116.00	-1.0	2.05	159.69	149.40	101.25	117.22	117.22	187.74	135.39	138.32
Hong Kong (55)	378.35	-1.4	355.58	240.48	278.85	375.53	-1.4	3.87	383.82	359.07	243.35	281.74	380.97	391.00	277.40	378.32
Ireland (16)	243.81	-1.3	229.14	154.98	179.69	213.13	-1.1	3.55	246.97	231.05	156.58	181.29	215.62	249.46	195.34	202.15
Italy (59)	72.73	-1.1	68.35	46.22	53.60	67.44	-0.9	1.74	73.54	68.80	46.63	53.98	68.27	82.71	65.45	78.90
Japan (483)	146.41	-0.2	137.60	93.06	107.91	93.06	0.0	0.82	146.78	137.31	93.06	107.74	93.06	164.82	136.95	157.44
Malaysia (108)	474.95	-0.7	446.37	301.88	350.04	464.01	-0.6	1.77	478.12	447.29	303.13	350.96	466.97	563.02	398.16	548.91
Mexico (18)	1009.82	-2.2	949.03	641.83	744.22	7435.99	0.7	1.87	1032.38	965.80	654.54	757.80	7382.05	2302.03	647.81	2203.17
Netherland (19)	256.05	-1.0	240.64	162.75	188.71	185.63	-0.8	3.52	258.70	242.02	164.02	189.90	186.79	263.99	207.60	209.64
New Zealand (14)	77.70	-1.2	73.02	49.38	57.26	62.50	-0.7	4.57	78.84	73.56	49.86	57.72	62.96	85.49	69.56	70.23
Norway (33)	227.91	-1.9	214.19	144.86	167.97	193.86	-1.6	2.18	232.32	217.34	147.29	170.53	196.81	243.79	192.92	196.07
Singapore (44)	372.41	-1.1	350.00	236.70	274.47	244.81	-1.1	1.68	376.73	352.44	238.85	276.54	247.60	414.26	313.94	377.54
South Africa (45)	357.11	-1.0	335.61	226.97	263.18	284.98	-1.0	4.09	360.66	337.40	228.66	264.73	287.91	363.22	281.08	313.82
Spain (38)	145.37	-0.1	136.62	92.39	107.13	135.51	0.2	4.17	145.49	136.11	92.24	106.80	135.26	160.51	124.10	137.92
Sweden (48)	302.25	-1.8	284.06	192.11	222.76	310.76	-1.9	1.92	307.88	287.84	195.08	225.85	316.88	320.43	220.42	220.42
Switzerland (41)	217.62	-1.0	204.52	138.32	160.39	154.77	-0.5	1.72	219.88	205.70	139.41	161.40	155.48	219.88	158.39	163.90
Thailand (46)	167.54	-0.5	157.45	106.49	123.48	163.21	-0.5	2.60	168.43	157.57	105.79	123.63	164.05	–	–	–
United Kingdom (207)	220.85	-1.9	207.56	140.37	162.77	207.56	-1.4	4.11	225.05	210.54	142.69	165.20	210.54	227.07	167.07	195.50
USA (503)	236.52	-0.2	222.28	150.33	174.31	236.52	-0.2	2.48	236.93	221.65	150.22	173.91	236.93	239.87	192.33	167.32
Americas (849)	216.05	-0.2	203.06	137.33	159.23	181.28	-0.2	2.48	216.54	202.57	137.29	158.94	181.62	–	–	–
Europe (740)	191.44	-1.4	179.92	121.68	141.09	161.39	-1.0	3.12	194.20	181.83	123.13	142.55	169.09	199.02	163.04	168.20
Nordic (139)	277.42	-2.4	260.73	176.33	204.45	240.82	-2.3	1.62	284.34	266.00	180.27	208.71	246.49	295.02	214.57	214.57
Pacific Basin (832)	156.68	-0.5	147.25	99.59	115.48	103.31	-0.2	1.29	157.40	147.25	99.80	115.54	103.53	173.52	145.93	166.74
Euro-Pacific (1572)	171.07	-0.9	160.77	108.73	126.08	125.32	-0.9	2.13	172.64	161.51	109.45	126.72	126.08	178.33	154.73	167.24
North America (603)	230.76	-0.2	216.87	146.67	170.06	229.96	-0.2	2.49	231.21	216.30	146.59	169.71	230.42	233.93	178.86	184.17
Europe Ex. UK (533)	171.47	-1.2	161.15	108.98	126.37	136.00	-0.8	2.56	173.49	162.30	109.99	127.35	137.14	179.46	146.45	149.98
Pacific Ex. Japan (349)	254.83	-1.4	239.49	161.97	187.81	223.36	-1.2	3.29	258.44	241.78	163.86	189.71	225.99	268.72	211.19	257.00
World Ex. US (1763)	172.06	-0.8	151.70	109.36	126.81	128.85	-0.8	2.16	173.65	162.45	110.10	127.46	129.83	178.73	156.42	169.21
World Ex. UK (2059)	188.97	-0.5	177.60	120.11	139.27	156.31	-0.3	2.10	189.91	177.68	120.40	139.40	156.82	191.52	163.46	172.14
World Ex. Japan (1783)	217.31	-0.8	204.23	138.12	160.16	202.52	-0.8	2.80	218.97	204.85	138.83	160.73	203.71	220.95	178.96	185.10
The World Index (2266)	191.77	-0.8	180.22	121.88	141.33	159.92	-0.4	2.30	192.98	180.53	122.35	141.65	180.83	194.25	165.92	174.20

Latest prices were unavailable for this edition. Market closed 10/10/95: Japan.